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OBJECTIVES OF 29TH ARAB SOCIAL-ECONOMIC COUNCIL MEETING

Trade, Investments, Proposed Statutes

Tunis LA PRESSE DE TUNISIE in French 9 Sep 80 p 4

[Speeches by Walid Kamhawi, chairman of the 29th ordinary session of the Arab Social-Economic Council and head of the Palestinian delegation, and Chedli Klibi, secretary general of the League of Arab States, on the need for a single Arab nation, in Tunis on 8 September]

[Text] "We have only two paths from which to choose: continue the current rivalry among our countries and step up the internal conflicts within our societies or consider that there is only one position to take in the area: that of pitting the Arab nations as a whole against Israel and the forces which are supporting it."

This is how Walid Kamhawi, chairman of the 29th ordinary session of the Arab Social-Economic Council [CESA], addressed those attending the opening ceremony of the session being held from 8 to 10 September at Hotel Africa in Tunis.

Succeeding Muhammad al-Zubayr, Oman's minister of commerce and industry, as chairman of the council, Walid Kamhawi, head of the Palestinian delegation, emphasized that the Arab world is currently suffering from three evils: partitioning, underdevelopment and dependence on others. "Because of these three evils," he added, "we are rejected by industrialized countries as withholders of legitimate rights, investors with the same rights as others and even as tourists. We are accepted only as depositors of capital whose purchasing power, moreover, is continuing to drop, a situation which international speculators are using to exploit the peoples of the Third World, including the Arabs."

Mr Kamhawi then stressed the importance of joint Arab economic action for the Arab individual and nation. This action, he felt, should be based on the following points:

The need to invest Arab capital within the Arab world and especially in vital sectors such as agriculture to put an end to the rural exodus and dependence on others for food.

The need to furnish oil to Arab countries which are importers of that raw material and at preferential prices and the need to favor Arab countries suffering from a lack of water by providing them with surplus water from Arab rivers, particularly since current technology makes it possible to divert water being needlessly lost toward Arab countries which lack that vital necessity.

The need to make the concept of the strategy of joint Arab economic action a reality through operational institutions such as the Arab Fund for Economic and Social Development.

The need to establish an Arab Bank for International Development which will tie Arab interests directly to those of Third World countries and to study the possibility of transferring Arab capital to that bank consolidating the World Bank and the International Monetary Fund as long as these institutions continue to be under Zionist influence.

The need to establish an Arab strategy on a scientific basis to strengthen the struggle of the Palestinian people and the reconstruction of their fatherland.

"We must not let this unique historic occasion escape," Mr Kamhawi concluded. "In fact, we have a choice between approaching the 21st century as scattered, underdeveloped and exploited tribes and approaching it as a united nation, developed and called upon to play an important role in a new world. That is why it is our duty to work toward the success of the next Arab economic summit meeting and direct our joint Arab economic action toward the achievement of collective security and overall development of the entire Arab world."

Let us note that at the opening of the work session Muhammad al-Zubayr, chairman of the 18th session, stressed the urgent need for the Arab nation to devote all its energy to the development of the Arab peoples as a whole. For this reason it should use all its experience and that of others to reach the goals it has set for itself.

After reviewing the action taken by the experts and the results of that action, the speaker invited the council members to study the conclusions reached by the experts, particularly concerning the use of Arab capital and inter-Arab trade.

Speaking in turn, Chedli Klibi, secretary general of the League of Arab States, analyzed the current international economic situation characterized essentially by "galloping inflation" and resulting in a "dizzying price rise" on the world markets, increased unemployment and a rise in the rates

of interest paid to investors. "This situation," he added, "has had repercussions on developing countries of which Arab nations are a part.

"But despite all these difficulties," the secretary of the league stated, "the general outlook of the Arab world is largely promising." In fact, the Arab states have been unanimous in acknowledging "the need to accept the challenge and overcome the underdevelopment stage, partitioning and dependence on others by strengthening their cooperation and working harder to achieve unity." In this connection, two plans were drawn up: one to facilitate and increase inter-Arab trade, the other to encourage Arab investments. "The preparatory ministerial committee," Mr Klibi recalled, "has recommended the opening of a special account within the framework of the Arab Economic and Social Development Fund whose mission would be to assure at particularly favorable conditions the social development of the least developed Arab countries and enable them to establish the necessary infrastructures. It has also recommended the establishment of a special account within the framework of the Arab Monetary Fund for the purpose of helping to bring about favorable conditions and assisting the least developed Arab countries to restore their balance of payments.

"In this decisive stage of our history," Mr Klibi continued, "we must face up to our problems in a modern spirit, that is, undertake collective action based on a sound perception of the higher national interest, each state being permitted to recognize its right to choose the economic and social model most favorable to the realization of the hopes and aspirations of its citizens."

Then citing the need for a national plan of joint Arab economic action, Mr Klibi asserted that such a plan is subordinate to the elaboration of a charter of economic action whose aim would be to safeguard the joint action from the traumas engendered by political conflicts and the upheavals provoked by ordinarily transitory predicaments. "This charter should bring about a reduction in divergences among Arab countries, the observance of the principle of mutual assistance and the use of Arab economic trump cards in the service of domestic causes."

Reviewing the principal points on the agenda of the 29th CESA session, Mr Klibi emphasized that the participants will essentially have to adopt a common position with regard to international problems brought about by the group of 77, countries of the nonaligned movement or the Islamic Conference, as matters having considerable importance and being taken up in meetings of the IMF and World Bank, all the more so since the Arab states share to a considerable extent in the financing of those funds, while its administration is guided by policies which are not always compatible with those desired by the Arab countries or friendly developing countries.

The council will also study the draft of a new agreement aimed at facilitating and increasing trade and designed to replace the 1953 convention,

the draft of an Arab agreement on investments aimed at strengthening mutual development, the draft of statutes of an Arab training institution and the draft of a plan to establish an Arab study and training center for social development.

Historic Turning Point

Tunis LA PRESSE DE TUNISIA in French 9 Sep 80 p 4

[Text] After the secretary general of the league finished speaking, Mansour Moalla, minister of plan and finance and head of the Tunisian delegation, welcomed the meeting's participants on behalf of Tunisia, its president, its people and its government.

"I am honored to convey President Bourguiba's greetings to all of you. He is particularly interested in our council's meetings and has asked me to extend to you an invitation to visit him."

Mansour Moalla then placed the Tunis meeting in its proper context by recalling the various stages through which we passed on the road to inter-Arab cooperation since the Bagdad summit meeting.

In this regard, he indicated that the Bagdad summit meeting was a decisive turning point in that it enabled the Arabs to alter their political, social and economic realities and reaffirm their political will to engage in joint action.

"The Tunis summit meeting," he said, "has pointed out the path to follow and the broad outlines of an Arab economic strategy for the next two decades.

"The objective of this strategy," he continued, "is to convert into fact the legitimate aspirations of the Arab world for better mutual economic assistance and greater progress and prosperity."

In addition, he noted that the special session of the CESA held in Amman in July had succeeded in establishing the basis for a common Arab economy by devising a suitable strategy.

Mansour Moalla then went on to say: "We are meeting at this time to pursue this long-range task with the same determination and enthusiasm. Therefore, we shall continue to keep abreast of the Arab and international situations, study ways to strengthen cooperation among Arab countries and come up with a new form of cooperation between the Arab world and the other countries of our planet so that the Arab community may occupy the place it deserves in the concert of nations." He pointed out that the council is now being called upon to pass seriously and realistically through new stages on the way to inter-Arab mutual economic assistance by drawing up a plan for national economic development and studying the drafts of two conventions: the unified Arab convention of investments and the inter-Arab trade convention. These two conventions are designed to bring about an interdependence of interests among the various Arab countries.

Mansour Moalla said he is convinced that the participants will not fail to make bold and timely decisions so that the 29th CESA session will also be a turning point in the realization of the objectives of the Arab nation and in the action taken to accept the challenges presented.

He further emphasized that we owe it to ourselves to prepare the next Amman summit meeting with great care so that, let us hope, it will also be a historic turning point in the realization of inter-Arab mutual economic assistance and unity in the Arab world.

When Mansour Moalla finished speaking, Dr Walid Kamhawi adjourned the opening session.

Moalla on Arab Plans, Aspirations

Tunis LA PRESSE DE TUNISIA in French 9 Sep 80 p 4

[Text] Yesterday morning President Bourguiba received Minister of Plan and Finance Mansour Moalla at the Es-Saada Palace in La Marsa.

After the meeting was finished, Mr Moalla disclosed that he had informed the head of state about the inter-Arab meetings to be held in Tunis this week. "The first of these meetings," he stated, "is to be an ordinary session of the economic council of the Arab league and, at the same time, will be an extension of the extraordinary session recently held in Amman. The Tunis meeting," Mr Moalla further indicated, "will deal with the preparation of the Arab summit conference to be held in the Jordanian capital in November. This conference will be a decisive turning point for mutual assistance and joint action on the Arab scene," the minister presumed.

As for the second and third meetings, they are to deal respectively with the Arab Economic and Social Development Fund and the Arab Monetary Fund.

"These two Pan-Arab institutions," Mr Moalla said, "will meet in extraordinary session at the recommendation of the CESA conference held in Amman for the purpose of considering a sizable increase in their respective capitals and studying a revision of their methods of action in order to adapt those methods to the requirements of Arab development.

Mr Moalla pointed out that these meetings had aroused President Bourguiba's interest and that he was quite willing to receive the delegation heads next Wednesday.

The minister of plan and finance added that he had also informed the head of state about efforts currently being made with brotherly countries for the creation of powerful financial institutions in the form of joint development companies or banks which would be endowed with a capital of 100 million dinars each.

in this regard, Mr Moalla indicated that an initial project of this kind had already been arranged with Kuwait during the latest visit Kuwaiti Minister of Finance Abdul Rahman Salim al-Ateeqi made to Tunis.

"We shall continue these efforts until we establish a network of financial institutions designed to help increase domestic savings on the one hand and, on the other, to use Arab financial resources for the benefit of the payees and make Tunisia an international financial center connected with the financial world," Mr Moalla stated. He further indicated in this regard that the head of state had approved the idea of strengthening the Tunisian Economic Development Bank directed for many years by Habib Bourguiba, Jr. who has taken effective action in the area of economic development, particularly in the tourist and industrial sectors.

Mr Moalla further advised that a proposal will be presented in this respect to the administrative council of the Tunisian Economic Development Bank and to those of COFIT (Financial, Construction and Industrial Company) and the Arab Investment Company with a view to merging these three institutions into a single development bank for the Tunisian economy, endowed with a capital of 100 million dinars.

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INTER-ARAB AFFAIRS

SYRIAN-LIBYAN UNITY NOT SEEN SLOWING TIES WITH USSR

0031609 London AL-HAWADITH in Arabic 3 Oct 80 p 32

[Article by Farid al-Khatib: "Unity With Libya Will Not Slow Syria's Rush Toward the Soviet Union"]

[Excerpts] When Yasir 'Arafat told President Hafiz al-Asad at dawn on Sunday, 22 September, that he intended to visit Baghdad and Tehran following the outbreak of the Iraqi-Iranian war, the Syrian president made no comment.

This happened at the Syrian-Palestinian meeting that lasted from 0030 until 0500 Sunday morning and was attended by Syrian Deputy Prime Minister and Foreign Minister 'Abd al-Halim Khaddam and a number of Fatah movement Central Committee members, including Salah Khalaf, Hayil 'Abd al-Hamid and Muhammad Ghunaym. The Syrian president had raised the question of the war during the meeting and said he was against it and that neither of the parties would gain from it.

Prior to Abu 'Ammar's departure for Tripoli at the head of a resistance delegation, Abu Iyad [Salah Khalaf] talked at the meeting about Syrian-Libyan unity. He said: "It must not be allowed to fail." President al-Asad said: "Syrian-Libyan unity is a ray of hope in the Arab darkness. It is no longer sufficient to confront Camp David with speeches and emotional attitudes. It is an answer to President Al-Sadat's challenging question: "What is the alternative to the Camp David accords?" He added: "Colonel Mu'ammarr [al-Qadhafi] is enthusiastic about it; it is for the sake of Palestine." Addressing the Fatah delegation, he said: "You will not leave us alone nor will we leave you alone!"

Early last week it was reported that Colonel al-Qadhafi was likely to arrive in Damascus on 28 September, the anniversary of Jamal 'Abd al-Nasir's death, in order to sign the unity documents within the period of time (one month) specified by both sides to prepare for unity. It

was said that it would not necessarily be unity in the sense of a merger but rather unity of attitude and coordination between the two sides that would enable Syria to break the ring of isolation around it and receive financial aid from Libya. According to reports following YAR President 'Ali Nasir Muhammad's visit to Tripoli, his country is not enthusiastic about joining this unity. During the visit the Yemeni president stressed the achievement of unity between the two Yemens.

During the Syrian-Palestinian meeting President al-Asad also said: "The time has come to organize our relations with the Soviet Union well." Subsequent reports indicated that the Syrian president will visit Moscow for 3 days beginning next Wednesday for talks with senior Soviet officials and in order to sign a treaty of friendship and cooperation. Syrian sources said that the new Syrian-Soviet trade would make it possible to establish a "strategic balance" with the United States in the area and to build new Syrian military brigades. It would also enable Soviet forces to come to Syria "in order to prevent Israel from entering Damascus" if it launches a war against Syria and it would also deter Israel from waging such war. Minister Khaddam informed the five Arab countries he visited of the news of the Soviet treaty. He avoided visiting Jordan and Iraq.

Al-Asad also said at the meeting in question: Israel wants to make the Camp David agreements to succeed more with war than with politics. In view of this we in Syria are ready but we are careful not to let the enemy dictate the location, time and form of the battle to us. However, we will not allow a "deadly blow" to be dealt to the Palestinian revolution.

The estimates of observers, who expected Syrian-Libyan unity to slow Syria's rush and the rush of "the Steadfastness and Confrontation Front" toward the Soviet Union after the other Arab countries let Syria down, have thus proved wrong. At the Syrian-Palestinian meeting, prior to the signing of the documents of unity with Libya and the treaty of friendship and cooperation with the Soviet Union, President al-Asad seemed satisfied.

At the meeting President al-Asad attacked Jordan's attitude. He said that the greatest help the Muslim Brotherhood in Syria receives comes from Jordan. He mentioned a certain figure which he said was the total aid the brotherhood has received since 1976. He said that to date the Syrian Government has been able to liquidate 80 percent of the Muslim Brotherhood in Syria.

The attack [on Jordan] was significant in the absence from the Syrian-Palestinian meeting of Fatah Central Committee member Khalil al-Wazir who was then in Jordan. This was his first visit to Amman following the formation of the new government under Mudar Badran and the creation of the ministry "of occupied territories affairs" which was assigned to Hasan Ibrahim.

KLIBI CONFERS WITH ARAB AGRICULTURE DEVELOPMENT HEADS

Tunis LA PRESSE DE TUNISIE in French 9 Sep 80 p 4

[Text] Chedli Klibi, Secretary General of the League of Arab Nations, met yesterday morning with Mohamed Tazi, permanent delegate to the League from Morocco, who announced at the end of the session that he had discussed future meetings with the Secretary General in the context of the League of Arab Nations and that they had had wide-ranging discussions on the general state of the Arab world at present just after Klibi's recent round of visits.

Chedli Klibi also conferred with Dr. Hassen Fahmi Jomaa, General Director of the Arab Agricultural Development Organization, who is participating in the regular meetings of the Arab Social and Economic Council.

Dr. Hassen Fahmi said that he informed the League's Secretary General of the actions undertaken by his organization since its ninth meeting in Riyadh in particular in regard to its programs to assure Arab food supplies.

He specified that he had reported to Klibi on projects which have been completed for seven basic agricultural products including grains, livestock, fishing resources, sugar, oil, natural resources.

The General Director of the Arab Agricultural Development Organization further stated that he had given to the Secretary General of the League of Arab Nations the results of the investigations carried out by research groups delegated by the Organization to study the needs of Arab citizens and to work up a long-term strategy which would permit the Arab nation to achieve self-sufficiency in the area of basic agricultural products.

After going over the most important points in these results and the considerable loans which would have to be sought to achieve the planned objectives, Dr. Fahmi indicated that he also brought up with the Secretary General the need to coordinate to some extent the structures of the League of Arab Nations with the institutions and organizations working with the League from the point of view of planning as well as production and financing.

Chedli Klibi also met with Hussein Al-Abdallah, permanent delegate to the League from Lebanon, with whom he discussed the situation in Lebanon after the repeated attacks by Israel.

INTER-ARAB AFFAIRS

BRIEFS

TUNISIAN-SAUDI INVESTMENT COMPANY--Sheik Mohammed Abalkhail, Saudi Arabian minister of finance and economy, and Mansour Moalla, minister of finance and planning, recently held talks to consider the proposed establishment of a joint Tunisian-Saudi investment company which will help finance economic projects in Tunisia. Both parties agreed to the establishment of such a company. The governmental agencies involved from both countries will continue negotiations toward completing the formalities necessary for the formation of this company. [Text] [Tunis LA PRESSE DE TUNISIE in French 11 Sep 80 p 1] 8963

ISRAEL BOYCOTT BUREAU RECOMMENDATIONS--The Conference of Liaison Officials of the Israel Boycott Bureau, held in Tunis the 1st through the 8th of this month, ended its sessions yesterday morning by adopting a series of recommendations aimed at establishing measures for dealing with Zionist plans. The participants at the conference investigated the case of foreign companies which had or still have relations with Israel and decided upon measures to warn certain companies against any collaboration with the Zionist enemy. In particular they looked into the case of certain American companies which, ignoring the appeals by the boycott bureau, continue to collaborate with Israeli companies thus flaunting the laws in effect in Arab countries. Failure to respect these laws, the final communique of the conference states, will result in the prohibition of these businesses from operating in Arab countries and the refusal to supply them with raw materials from Arab countries. [Text] [Tunis LA PRESSE DE TUNISIE in French 9 Sep 80 p 4] 8693

ALGERIA-LIBYA YOUTH EXCHANGE--Two delegations, one Algerian and one Libyan are travelling, respectively, to Algiers and Tripoli for a few days, according to a program to strengthen exchanges established by youth organizations from the two countries. These two visits are also part of a program to strengthen fraternity and friendship ties between Algeria and Libya youth. After arriving in Algiers, the Libya delegation had many contacts with Algeria youth, during which they exchanged views about problems concerning arab youth in general. The Libya delegation also visited tourist sites and points of interest, as well as historic monuments in Algiers. The Libya delegation, which arrived 18 August in Algiers, has left the capital, early this morning to begin a tour of the country. Accordingly, a delegation of the National Union of Algerian Youth has left for Tripoli. [Text] [Algiers EL MOUDJAHID in French 22-23 Aug 80 p 2]

AGRICULTURAL ACTIVITIES IN VARIOUS GOVERNORATES REPORTED

Harvesting-Threshing in Tlemcen

Algiers EL MOUDJAMID in French 12 Aug 80 p 3

[Article: "Appreciable Yield Increase in Tlemcen"]

[Text] The harvest-threshing program has come to an end in Tlemcen after 2 months of hard work.

A governorate official was obliged to say that it was accomplished in a record time never before attained by this program which, each year, mobilizes all agricultural forces in the region.

From this perspective, an average yield of 10 hundredweight per hectare was also obtained. The Program was seriously affected by the drought, which damaged about 30,000 hectares of grain [producing] soil in the region.

Last year, the area planted covered 130,000 hectares as compared to 168,500 hectares this year. The most important lands have been reserved for hard wheat (68,000 hectares) and for barley (53,000 hectares).

Meanwhile, this year, the governorate's agricultural services have exceeded their goals in barley and oat [production].

Grain cultivation is linked to an important agreement in favor of soil recovery and improvement. According to this and after 1970, the Tlemcen governorate has recovered about 60,000 hectares of new soil, regained from fallow land. Still, 15,000 hectares of land improvement is predicted to become a reality before the end of the year in the Tlemcen Wilaya, according to the second plan.

These land improvement operations certainly had, as a consequence, noticeable results in grain soil yield, which increased, from an average of 6.5 hundredweight per hectare, in 1977 to 10 hundredweight per hectare in 1980.

Production reached 1,700,000 hundredweight, compared to 500,000 hundredweight in 1979, during this program.

It was necessary to mobilize all the depot's equipment for the region to achieve these results. The contribution of offices, such as ONAMA [National Agricultural Equipment Office] and CAPCS [Communal Multi-Service Agricultural Cooperative], was certainly considerable this year.

During this program, the Tlemcen governorate has increased its equipment force through the acquisition of 31 combines as short-term investments. This new acquisition has greatly influenced the program's results and also made it possible to increase the number of [pieces] of equipment, which [now] amount to 337 combines, of which 59 are out of service, due to lack of parts and 25 are under repair.

Three trouble-shooting maintenance teams have been on hand, during harvesting. The main problem is the shortage of drive belts for the depot's permanent maintenance, as well as the delivery of equipment in the proper condition.

The depot's trouble-shooting effort, in each region, was organized by pooling. Also, the Tlemcen governorate is agriculturally differentiated by three early yield zones: Beni Saf, Ghazaouet and Nedroma. The last zones initiate the harvest program each year.

Resources were accordingly mobilized on lands pertaining to the socialist sector, the small fellahs or the Agrarian Reform. The 31 CAPCS [Communal Multi-Service Agricultural Cooperative] should assure resource allocations for these last two sectors.

Harvesting-Threshing in Saida

Algiers EL NOUDJAHID in French 20 Aug 80 p 2

[Article by A. Belkhodja in Oran: "Appreciable Yield in Saida"]

[Text] The commission overseeing the progress of the harvest-threshing program in Saida, met recently at the seat of the regional government to set-up a balance sheet for the operations, which are now being concluded. This year, the harvest-threshing program did not have any problems. Agricultural delegations, from now on developing at the communal level, regularly followed the operations.

On 15 August, 134,847 hectares were harvested in an area of 145,682 hectares, almost half of which is in the private sector. The crop, estimated at 1,300,000 hundredweight, has tripled, in comparison to that of the preceding year, which had a very low rate of rainfall.

The amount of wheat to be harvested, according to initial predictions, will be reduced by almost 100,000 hundredweight. This is explained by the private sector's partial delivery of the product, because it keeps some for its self-consumption, as well as seeds.

CAIC's [Interoccupational Algerian Grain Office] depot destined to transport grain, could not keep up with the demands of all combined units. This inadequacy was compounded by the use of the depot's means for farming self-managed units and CAPRA [Agricultural Production Cooperative of the Agrarian Reform]. The same happened in storage capabilities. Many grain collection points were organized on the harvest site, forming, then, intermediate warehouses and offering a storage capacity in the order of 1,000,000 hundredweight.

Concerning equipment, 159 combines organized in trouble-shooting "pools," plowed agricultural land in the Saïda and Hassasna dairas. In this region, an early yield area is also planted, to be compared in yield to the regular crop. This explains the need of using the equipment in farming the early yield area. Meanwhile, reticence of those responsible for self-managed units is to be deplored. They voluntarily immobilized tractors, stating that it is impossible for them to take part in harvest operations. Despite these negative reactions in some operations, the harvest-threshing program is being achieved under good conditions. Better still, Saïda's governorate officials are getting ready to move the agricultural equipment to the Tiaret governorate, where crop gathering efforts are still under way.

A certain problem is reported this year in the Saïda governorate. It has led agricultural officials to intervene in the southern zone in the interest of harvesting some plots of land, farmed by the small peasantry. Some say that farming is illegal in the pastureland. Meanwhile, areas farmed this year are located in wadi margins and the oasis' low ground. Generally, farming done in these areas is considered, by mutual agreement, to be at least, risky. This type of farming is destined, in great part, to self-consumption and has a very low yield rate. In addition, it leads to soil damage, posing a serious threat to the steppe.

The small peasantry knows it is subject to official reports. Without any doubt, it is rooted in the southern governorate by tradition and does not hesitate in farming areas, where it must contend with the uncertainty of a crop. But, since this year nature has seen fit to show clemency, farmers are faced with an unexpected harvest. With 10 hundredweight per hectare, they can even give themselves the luxury of "trading."

Helping the Cultivation of Dried Vegetables

With the impossibility of resorting to manual labor, because laborers are rare and very costly, the small peasantry consulted agricultural officials who, after realizing the exceptional nature of this operation, due to the appreciable yield rate, took over harvest-threshing operations in the area concerned.

Taking into consideration the yield rate never recorded in the past, governorate officials opened a technical dossier. As a matter of fact, a study is currently under way. It will allow them to assess areas susceptible to be turned over to agricultural use, without bringing about damage to the steppe course.

This year, livestock feed storage was canceled. On one hand, there was a distinct improvement of surface cover and, on the other hand, this decision greatly weakened previous speculations, concerning ovine fattening practices and secret trading.

From this balance sheet, the governorate commission noted conclusive results. The commission remarked, nevertheless, that a lot of effort remains to be made, concerning dried vegetable cultivation, especially lentil production, recalling that this cultivation enjoyed a reputation some years back, due to the quality and quantity obtained on High Plateaus soil. This year lentil production was very low in the region. Reports show that this was due to two things: on one hand, weeds caused damage. On the other hand, planting procedures--which should be inspected--reduced yield rate.

Concerning grain fire fighting and prevention, quick intervention and preventive measures, reduced loss rate this year. This season fire affected no more than 10 hectares of grain fields. However, the commission recommends enforcing preventive measures which are often neglected in the private sector, bordering forest areas.

Harvest-Threshing in Batna

Algiers EL MOUDJAHID in French 26 Aug 80 p 3

[Article: "1,264,356 Hundredweight Yield in Batna"]

[Text] The harvest-threshing program, launched 25 June 1980 in the Batna governorate was concluded after many years of drought. Batna had become a disaster area. The 1979-1980 program produced excellent results: 1,264,356 hundredweight were produced for the three combined sectors: the self-managed sector; agrarian reform sector; and private sector.

At the beginning of the program, planting benefited from very favorable weather, particularly for the month of September 1979, when we registered an average rainfall of 57.7 mm.

Grain storage, amounting to 224,463 hectares were divided in the following manner: socialist sector (12,911 hectares); agrarian reform sector (25,162 hectares); and private sector (186,390 hectares).

Planting began at the onset of the first rainfall, in the very best of conditions. It slowed down towards the end of the program, because of the drought especially in the governorate's southern dairas where the goal is 29.5 percent.

Add to that, no-interest loans to the private sector, depleted after 4 years of consecutive drought.

Therefore, the total profit taking did not exceed 83.27 percent; i.e., a farmed area of 186,921 hectares for a planned yield of 224,463 hectares.

Advances in farmed areas are especially apparent in the private sector, which farmed out more than 149,695 hectares of the 189,390 hectares produced.

The other sectors attained 98.72 percent for the self-managed sector (12,756 hectares) and 97.28 percent (24,480 hectares) for the agrarian reform sector. Batna's grain cooperative greatly contributed, regarding seed supplies. In addition, 921 tractors, intelligently used, allowed the program to run smoothly.

Brought reports, from the end of October to the end of January and their particular repercussions were prepared in great detail, under the direction of agricultural officials, in direct collaboration with UNPA's [National Union of Algerian Peasants] governorate committee.

Technically and to assure a smooth [running] program, 34 trouble-shooting teams were put into action, during harvesting: Eight for each one of the Kala, Batna and Merouana dairas; four for Arris and N'Gaous dairas; and two for the Ain Touta daïra. Harvesting did not begin until the second half of March. Meanwhile, the frequency of spring rainfall rectified the situation and made possible the prediction of a good yield.

A primary evaluation was made during April. Production was estimated at 115,585 hundredweight. Good rain distribution, registered in this critical period, turned previous estimates into sure bets.

ONAMA's [National Agricultural Equipment Office] Teams Efficient Intervention

The harvest-threshing program which, this year, had 158 combines harvesters-threshers: 45 for the self-managed sector; 77 for the agrarian reform sector; and 36 for the private sector, used this equipment to assure the program's success.

The 1,264,356 hundredweight harvested during this program came from: The self-managed sector (81,591 hundredweight); the agrarian reform sector (153,952 hundredweight); and the private sector (1,028,813 hundredweight).

To correct minor equipment failure, ONAMA [National Agricultural Equipment Office] mobilized two departments (at Batna and Kala) for local maintenance.

Concerning storage methods, all space was made available (CAPCS [Communal Multi-Service Agriculture Cooperative], production units and the OAIC [Interoccupational Algerian Grains Office]). The problem surfaced only at the Batna daïra, where sheds are filled with imported barley for live-stock feed and wheat for the SN Sempac [expansion unknown] supply. This also happened in the Seriana commune (Merouana daïra), because of the non-existence of an OAIC [Interoccupational Algerian Grain Office] warehouse.

9626

CSO: 4400

ISRAELI ANNEXATION OF JERUSALEM CONDEMNED

Algiers EL MOUDJAHID in French 11 Aug 80 p 1

[Article: "Zionist Contempt for International Norms and Ethics"]

[Text] (APS)--At a time when the international community, through the resolutions of the United Nations General Assembly's Seventh Extraordinary Emergency Session fought to pass a new test of its will to work at establishing fair peace in the Middle East, proclaiming the urgency of re-establishing inalienable national rights for the Palestinian people and the evacuation of all Palestinian and Arab occupied territories, the admittedly serious and realist first condition for all settlement, the Zionist movement took another step towards the escalation of tensions.

In putting into effect their intent of sanctioning the annexation of the Holy City of El-Qods in their internal legislation, despite United Nations' warnings and admonitions, Zionist officials are showing, once too often, the full measure of their contempt for international norms and ethics.

Their diligence in placing the international community before a fait accompli, which has its source in the very essence of Zionism, wouldn't have been possible with impunity were it not for imperialism's guarantee to the Zionist movement, through the destabilizing role it has devolved in the region.

Therefore, after multiple acts of violation and profanation of El-Aksa's Holy Mosque and other Holy Places, land and real estate expropriations, the deportation of El-Qods' arab population, the adoption of legislative measures, bearing the annexation of the Holy City of El-Qods, this clearly appears as a new phase in the execution of a minutely staged plan to substantiate the senseless dream of a "Great Israel."

May the Christian opinion consider its reaction, for just a moment, if some puppet government, powerfully sustained by world trusts, were to seize The Vatican and make it its capital...

Already criminal in itself, for usurping that which it tries to sanction, the chauvinism it subtends and the racism from where it proceeds, this deliberately arrogant act is not reposed of any known legality or benefit from any complacency from the international community.

Basically illegal because, by colliding head on against an impressive series of UN Security Council's and General Assembly's decision and resolutions and by turning its nose at the principle of inadmissibility of territorial acquisition by force, the decision of annexing El-Qods is besides, a serious threat to international security and peace.

Algiers holds that the Security Council cannot passively suffer incessant transgressions of its injunctions and repeated violations of international law.

In face of this extremely serious defiance, it is the Security Council's job to fully assume its responsibilities in taking coercive measures provided for in the charter, to induce the Zionist movement to conform with international law.

Not often having expressed its condemnation of Zionist actions, the international community is, today, in a position to appreciate the emptiness of verbal objections, in face of Zionist officials' sneaky determination to veto numerous UN decisions, concerning EL-Qods.

More than ever, now that Zionist expansionism is daily substantiated in the shadow of false statements of faith in peace, contradicted by [their] deeds, the international community owes it to itself to no longer show resignation in face of defiance and the fait accompli.

The very racist nature of the Zionist ideology germinates the seeds of continuous aggressiveness, which the international community has the duty to destroy, under penalty of aiding a new conflagration in the region.

As a matter of fact, the Zionist cancer, implanted by imperialism in the heart of the Middle East, is one of the worst calamities in this second half of the 20th Century. It is synonymous with aggression, warmongering, racism and the denial of justice in the highest level.

The Algerian Revolution has always fought against Zionism, and even before, Algeria did not suffer oppressing colonialism gladly.

Incessantly it has denounced these actions and it has made it a point of honor to strongly participate in the fight undertaken by the Arab Revolutionary Forces to provide a front [to Zionism] on arab land.

Through the years, after more than 3 decades, it has daily, farther proved that the Zionist movement is nothing more than a foreign body transplanted into Arab soil to undermine the stability of the region, to oppose, a

priori, all effort towards arab unity, in a global divisionary and Balkanizing strategy, benefitting imperialistic designs.

loyal patriot! What manner of revolutionary; what manner of progressist individual could put up with this and not work towards its elimination.

With imperialism's blessings and substantial aid, Israel has imposed--by provoking wars of aggression--a fait accompli policy which has allowed it to increasingly expand its dominance on Arab soil, beginning with theft, pillage and ransacking.

In the same manner, especially after the historical Sadat treason, Zionism's arrogance did nothing more than grow and today, it doesn't know any limits. Each compromising by Cairo's government has entailed new impudence and greed and a greater pretention by Sadat's "friends."

Algeria vigorously condemns the annexist measure taken by the Zionist movement and declares itself resolutely compelled to act, together with members of fraternal countries in the League of Arab States and Islamic Conference to reestablish Arab sovereignty in El-Qods and to recover the Holy City's ancient role as the city of peace, tolerance and the birthplace of three monetheistic religions.

Palestinians know that their fight germinates the seeds of their liberation and that in their exemplary battle against the Zionist oppressor and Camp David's monumental plot, it is assured of the complete support of the Algerian people and of all who love justice and liberty.

For all the Arab-Moslem world this is the last straw. Beyond religious considerations, certainly enough to provoke unanimous ire, this political act--because it is under these terms that we want to pose the problem--we want to state that this act will not remain without consequences.

And all who would be tempted to fall into step with the Zionist movement, know this.

May they know that if here and there there is talk of rupture of relations, it is nothing more than an elementary measure, which could not be avoided without a pure and simple denial.

But, above all may they know that the Arab-Moslem world have at their disposal other weapons with similar repercussions, which they could well use without reservations or hesitation.

9626

CSO: 4400

BRIEFS

SELF-MANAGED AGRICULTURAL OPERATIONS--About 400 agronomists who, in the near future, will be called to oversee restructuring operations for the self-managed sector, participate, since Sunday, in a recycling seminar, organized by the Ministry of Agriculture and Agrarian Reform. The seminar, being held at the Technological Institute, not far from Surcouf, was opened by Mr Bouzid Hamiche, general secretary to the Ministry of Agriculture and Agrarian Reform. The seminar's objective is to implement resolutions arrived at during the course of FLN [National Liberation Front] Central Committee's Third Session on agricultural problems. After recalling and commenting upon the strong guidelines of Algeria's agricultural policies, Mr Hamiche indicated that the decision to restructure self-managed farming in the agricultural sector does not mean, in any way, to question the present agricultural system. "Restructuring is a long term and permanent job, destined to bring about necessary corrective measures to strengthen the agricultural sector, allowing to play an efficient role, as well as becoming an instrument of alimentary self-sufficiency. Restructuring will allow us to create economical and profitable agricultural units, using true and effective management autonomy," concluded MARA's [Ministry of Agriculture and Agrarian Reform] general secretary. [Text] [Algiers EL MOUDJAHID in French 25 Aug 80 p 2] 9626

SUPPORT FOR PALESTINIAN PEASANTS--Mr Aissa Nadjem, member of the Central Committee and UNPA's [National Union of Algerian Peasants] general secretary presided, yesterday afternoon at the Hotel Aurassi, over a permanent committee meeting in charge of implementing the International Congress' resolutions in support of Palestinian peasants, held in Baghdad 30 March 1980. During this meeting, the participants studied the Baghdad's congress declarations and adopted a course of action, as well as some proposals, which will be submitted to the permanent committee, meeting in Holland at the beginning of the next year. This meeting was attended by the following: The general secretary to the General Union of Arab Agricultural Cooperatives; the president of Iraq's Cooperatives Association; the president of Libya's Agricultural Union, the general secretary of Palestinian Peasants General Union, the official responsible for international relations for the General Union of Syrian Peasants, as well as members of UNPA's [National Union of Algerian Peasants] National Secretariat. [Text] [Algiers EL MOUDJAHID in French 25 Aug 80 p 2]

ALLEGATION OF AL-SADAT--"I'm the one running after the U.S., offering them military facilities in my country," said President al-Sadat recently. He added out that those facilities were intended to "serve" any Arab or Muslim country that fell victim to aggression. Now since it is usually the U.S. that does the running when it is eager to grab hold of a piece of foreign territory, the Egyptian leader's sprint looks much more like a headlong flight from the perils facing his administration. And since the occupation he so desires is nothing else but aggression, and Egypt is an Arab and Muslim country, it is clear that for Cairo's leaders the "aggression" that is so greatly dreaded can only spring from the Egyptian people themselves. [Text] [Algiers EL MOUDJAHID in French 15 Sep 80 p 5]

CSO: 4400

LETTER TO BANI-SADR WARNS HIM OF INACTION, DESPAIR

Tehran ETTELA'AT in Persian 6 Sep 80 p 7

[Open Letter to Bani-Sadr, by Javad Sarhaddi]

[Text] On Monday, 3 Shahrivar [25 Aug], the result of a meeting between Prime Minister Raja'i and President Bani-Sadr appeared in both the ISLAMIC REPUBLIC and ETTELA'AT newspapers under the title of "Mr President, I Keep Quiet so that People Could Remain on the Scene". A newspaper reporter, in spite of all his cleverness, had not been able to get anything out of Mr Raja'i, but had been able to interview Bani-Sadr. I read the interview several times, from top to bottom. I was not able, unfortunately, to find anything in it except repetitions, complaints, sense of despair, hard feelings and things that should not have been revealed. I find it my religious duty, and in accordance to what has been quoted from the Prophet (quotation in Arabic), to write this letter to you, hoping to, while performing my duty, get some questions answered... My dear brother, your excellency Mr Bani-Sadr, I strongly criticize your method and your ideological approach and would like to first ask you why you are not serious in your dealings with the nation and the revolution? Why are you leading us down the slippery road of division? Why do you make revolutionary people lose their confidence? Why are you, by your pessimism and onesidedness, emphasizing negative points? I want your frank answers to these questions. You admit yourself that people expect action and a sense of responsibility from you. My dear brother, I am deeply saddened and hurt by having read tens of your articles, interviews and speeches.

Your Statements Concerning Questioning of Ideas

Your Monday interview shows that your pessimism is at its climax, reflecting a disturbed and vindictive character. In reply to a question by a reporter on the issue of questionings, you replied: "If you are referring to questioning in the Ministry of Education, Mr Raja'i had denied it, saying that such a thing could not be possible." Yet, you try to elaborate further, taking advantage of the presence of two ladies as witnesses, and talk about some "scandalous affairs". Tell me in a brotherly manner, how do you justify such behavior?

First, you should know, and be sure one hundred percent, that the reporter was not referring to questionings in the Ministry of Education or to any particular person. He was talking in general terms and, thanks to your help, an entire newspaper column was devoted to it. The issue had been raised in the Majlis before and had been answered by Mr Raja'i himself. We had learned that the integrity and honesty of the Prime Minister was beyond reproach. Yet, you continue with your pessimism, and in your interviews and articles you raise unwanted questions thus subconsciously providing "food" for the enemies and opponents.

Misuse by Enemies

You are certainly aware that enemy radios (U.S., London, Iraq and Israel) by quoting you, broadcast the news about the chaotic economic condition, inflation and explosion (six), all based on your statistics, to the world that cannot tolerate us or our revolution. And their audience, dissidents of otherwise, believe it as dependable news. Are you aware that as a result of minor differences great secrets of our revolution are given out to the enemy? Do you know that because of repeating and revealing our problems, vital secrets about our economy and the pulse of our revolution have come under the control of our enemy, to the extent that they know the number of loaves of bread on our dinner tables? My dear brother, you consider yourself as being an elected official of a revolutionary people, and in most of your interviews you refer to the 11 million votes cast for you. We admit this to be true. We also know that of the 16 million votes one third of it was yours. We also remember that the total number of our voters, as was proved in the referendum of the spring of 58 [22 Mar-22 June 79], is over 21 million, all active in the political arena. Let me say that all those who did not vote for you are with you, as ordered by our Imam, and accept your election as a means of protecting and strengthening the revolution. No committed Moslem individual allows himself to weaken the government and the President unless their minds are filled with doubts and suspicion to the extent to succumb to illogical acts.

120,000 Letters

Dear brother, your excellency Mr Bani Sadr, in your interview of 25 Shahrivar [25 Aug], you referred to 120,000 letters you had received and said: "A number of these letters reflected lack of knowledge of realities and therefore had no answers". I would like to ask, what are these realities and the lack of knowledge of them you were referring to? Dear brother! I know that you believe that every society must have a policy to be carried out by its leaders and the people, a policy that must be based on consultation, with both responsible for its implementation. If it is not carried out intelligently, corruption will seep into the society, government will disintegrate and enemies will triumph. It is the right of every individual of the Moslem people to control and supervise the affairs of the society, and will have to pay the price if they failed to do so, and will be held responsible for any possible event. I cannot, therefore,

accept your statement that those letters do not deserve any answer and that the writers are strangers to realities and facts.

How could your commitment to guide and lead the nation be interpreted? I emphatically declare that this letter is one of 120,000 letters that, as you can see, need to be answered to help us grasp realities. I sincerely hope that you will accept this and not be worried by ideology and law. The law has its guardians, the Majlis a caretaker and the nations are living and awake. There is no need for agitation or invitation.

A Look At the Waiving of Bank Interest

Here, I must go back a little and take a look at your success in the presidential elections.

You surely remember that before becoming a candidate for president you brought up the issues of nationalization of banks and the waiving of bank interest. They were good and interesting subjects but you must admit that while it brought you success there were no benefits in it for the nation. The issues were abandoned after they had given you millions of votes and after you too forgot the issues, bank interest reached its highest peak and was left like a bullet in the air. And now, we are faced with a 50 percent inflation, closed plants, economic embargo and an acute housing problem. But we are not and shall never be despaired because we are walking free, in the shadow of the Imam, and follow Islamic egalitarianism. If we overcome the enemy, we have done our duty and will be filled with pride. And if we be overcome by the enemy we will be delivered as we have done what was to be done as our duty.

A Policy Detached From Reliance

My dear brother, believe me that when I look at your disappointed and despaired figure on the TV screen I think of the future of our revolution and the country. And when my feeling of depression is deepened I seek refuge in the spirit of our great religious leaders, prophets and the leader of the revolution. I think back of how these great leaders had stood steadfast at the history-making moments, never giving in to despair and pessimism. I must bluntly add that in spite of having been sincere and a believer in the ideology (of revolution), your approach had been mixed with hopelessness and void of reliance on God. It is not an exaggeration to refer to your newspaper as a "repository of sorrow". For a nation filled with pride and a source of hope for the oppressed nations of the world, with tearful eyes and yet smiling in the face of torture by their enemies, it is sad to have to hear its leaders talk of inefficiency, sabotage, excuses and work slowdown, which only help make them sick and lose their spirit.

My dear brother, I believe that your policy and method are influenced by your own writings. In your book "The Personality Cult" [?], for example, you attack the worship of personality, megalomania, foolish pride and the lust for power. You are right in doing that. But in practical political

life, you dismiss those who disagree with you as megalomaniacs and power-hungry. Perhaps you are influenced by your own book, just like an actor who has become so wrapped up in the role he plays that he acquires the character of the person he portrays for quite some time. You judge your opponents by what you have said in your book, not realizing that all could not be measured with the same yardstick. They [the opponents] have Islamic characteristics and political personality. They do not view and measure people who disagree with you the way you do. The reason is that they have always been available as part of the society, having been able to pass the test.

The Extent of Our Expectations

In conclusion, I wish you will excuse me for having been so frank with you and hope you will not interpret my action and views as an effort aimed at creating an atmosphere of intrigue and agitation. I do not belong to any faction, party or group. I am but an uncommitted Moslem and a follower of the line of the Imam and firmly believe that he [the Imam] too is following the commands of the Messengers of God. I do not expect praise or flattery from any one. My last words, Mr President, are that our nation does not expect you to be as honest and straightforward as 'Ali [first Imam of the Shi'ites] nor want you to follow a policy like that of 'Omar [the first Caliph of Islam]. They do not expect from you more than is within your ability. I hope that your efforts aimed at the realization of the ideals of the nation and the establishment of a just government meet with success.

Respectfully yours, Javad Sarhaddi.

9561

CSO: 4906

IRANIAN POWER STRUGGLE SEEMINGLY SHARPENED

Hamburg DER SPIEGEL in German 15 Sep 80 pp 134-138

[Text] Religious zeal is currently the most important qualification for an Iranian minister. President Bani-Sadr is opposing the power of the fanatical Moslems.

In the Mallis, the Tehran Parliament, one person, of whom it had been least expected, intervened for law and order: Qayid Sadeq Khalkhali, the bloody and arbitrary judge of the Islamic republic.

Khomeini's highest placed spokesman for law blasted the unjustified pressure being exerted on the president and condemned the "forces that are hampering the president in the execution of his assignment."

The deputies were told by, of all people, a man who pronounces death sentences after trials of only minutes that they should kindly respect the constitution.

Until now the chief justice had revealed himself only as an opponent of President Abol Hassan Bani-Sadr. Now he was hastening to the aid of the president, probably because his arbitrary justice is arousing concern even among radical Moslems.

Ostensibly Khalkhali took exception to the new Prime Minister Ali Raja'i having his list of ministers read out in Parliament without previously having obtained the president's consent, as the constitution requires. A few hours later Bani-Sadr's party newspaper INKELAB ISLAMI (ISLAMIC REVOLUTION) came out with this headline: "The president cannot agree to the list of names."

The "cabinet dilemma," in the words of the TEHRAN TIMES, was complete. At the same time it was also the temporary climax of a bitter power struggle between the radical mullahs of the Islamic Republican Party who, under the leadership of the archconservative Ayatollah Beheshti, have a majority in Parliament, and President Bani-Sadr, who still has the support of some liberal and democratically minded deputies around former Prime Minister Bayandor.

The two sides are irreconcilable and are clearly seeking a decision. Bani-Sadr, 48 years old, educated in France, is striving for a strong presidency like that in Paris. He wants to pursue a policy which is not determined solely by the Koran, but also "by reason and political realities."

A coalition government would correspond to the president's ideas, made up of men whom he trusts and members of the IRP--but they would bring political experience and knowledge to the job. Bani-Sadr's formula for a cabinet like this: "A government of understanding."

This is going much too far for the Islamic fundamentalists. Loyalty to Islam and revolutionary zeal are sufficient qualifications for them. Behind Bani-Sadr's ideas they detect conspiracy and collusion with the West, from which the president has never cut himself off completely. Beheshti and Prime Minister Raja'i are demanding that the "Imam's line" be made Persia's guideline.

Consequently, everyone in Iran today sees in Imam Khomeini's line what he wants to--often with curious results. Zealous Moslems even closed down laundries which were patronized by Christians. According to them, mingling the laundry of unbelievers and of the orthodox could be a sacrilege. Even the Imam himself cannot or is unwilling to state what his line is. All that can be heard from those around Khomeini is: "Orthodox, young and revolutionary Moslems follow the line of the Imam."

A simple calculation for Prime Minister Raja'i, a former mathematics teacher, is: Young zealots must be in the cabinet. The average age of the ministers presented by Raja'i is 37.

The youngest, 27-year old Asghar Ibrahim, who was put forward as the new oil minister, is one of 5 out of 21 candidates who have studied at an American university. It was qualification enough for the oldest, Sajjad Assadollah Ladshewardi, 45, that he had helped to blow up the Tehran office of the Israeli airlines El Al--he was proposed as minister of trade.

Raja'i was unable to find any candidate for the post of defense minister. But he presented Hussein Musavi, 39, to Parliament as the successor to former Foreign Minister Sadegh Ghotbsadeh. IRP member Musavi previously published the party newspaper ISLAMIC REPUBLIC. He possesses as little pertinent experience for the foreign ministry as Raja'i's other men for their positions. They are all devout Moslems, however, "men," as Raja'i says, "who have faced bullets."

Bani-Sadr was appalled. In meetings which lasted for hours he tried to make clear to Raja'i that it was a matter of rebuilding an economically ruined country and that Persians had not overthrown the Shah only for the sake of Islamic doctrine but for "bread and water" too.

Raja'i appealed to the authority of Khomeini, who declared in a fiery speech in June: "We did not bring about the revolution for grapes and peaches, but for Islam."

At least the Ayatollah did not abandon his president for the time being. Khomeini, who was unwilling to become involved in the argument about the new parliament, last week pointed out Bani-Sadr's right to refuse candidates.

Thus the president finally succeeded in removing seven men from Raja'i's list, among them the candidate for the foreign ministry Musawi.

It was not only filling the ministerial positions that caused difficulties. The ministries are now short of civil servants.

A foreign diplomat complained: "The doors are open in the Foreign Ministry, scarcely one office is occupied, you have to shout the name of the person you are looking for down the corridors in the hope of seeing a familiar face."

The diplomat had recently made several attempts to find a competent partner for a discussion--in vain. "The level had dropped from mediocrity to absolute stupidity. Nothing is running any more."

Businessmen give similar gloomy accounts of their experiences in other ministries. The trained officials have almost all been dismissed after a purge.

Chaotic conditions like this again led Bani-Sadr to reproach the radical mullahs last week with having "their talons everywhere." He said that the Iranian people were being panicked and frightened with fictitious reports about enemies of the revolution and supposed conspiracies.

It was an open challenge to the mullahs for the president to describe opposition to the free expression of opinion as "un-Islamic." "A country in which freedom of thought is suppressed," he emphasized, "is a heathen society."

On the following day Prime Minister Raja'i fired back, pillorying Bani-Sadr's "deviationist line in Iranian politics," which knew only material needs, but not "ideal goals."

The Americans found out last week what the new prime minister understands by ideal goals when they again turned to Tehran in the hostage question after the failure of the liberation mission in April.

U.S. Secretary of State Edmund Muskie, who had sought "a channel of communication" in a polite letter to Raja'i, received a discouraging answer from the Iranian prime minister. In a speech in Tehran Raja'i stated: "We would talk with you, if we were sure that you are truly penitent."

Compassionately Raja'i informed the Americans which paths lead to penance: "The decision not to repeat your sins" and "to eat only what purifies your bodies of all that religion has forbidden."

Raja'i concluded: "These are the stages through which we Moslems pass, when we repent. If you do the same, we are prepared to talk to you."

SHAPUR BAKHTIAR GIVES VIEWS ON SOLVING IRAN PROBLEM

Paris PARIS MATCH in French 5 Sep 80 p 73

[Interview with the Iranian ex-Prime Minister Shapur Bakhtiar, by Jean-Louis Gaziniaux--date and place unknown]

[Text] [Question] After the attempt of 18 July against you and which cost French lives, do you feel you have the right to engage in political action while in France?

[Answer] I do not at all consider myself a political refugee. I travel light. In fact, I do nothing reprehensible on the French soil.

[Question] You have nevertheless made an appeal to the Iranian people?

[Answer] Indeed, I founded the Iranian National Resistance Movement. But after all, when I was head of government in Tehran, Khomeyni, in French, vituperated with his usual indelicacy, and multiplied the contacts one knows... with the indulgence of the French Government! I feel at home here, in spite of the threats against my life. France is my second homeland: and I say it in spite of the tolerance this country has displayed, in a recent past, towards the presence of Mr Khomeyni at Neauphle-le-Chateau. This said, I haven't organized anything yet in the strict sense of the word. I only observe my appeal has been heard. I am even visited from Iran! No one until now dared to speak or act. It is a beginning. One dares at last to shed fear and [come out of] silence. But I have no structured plan. I await the inevitable rise of the popular discontent. You know, the French Resistance was "structured" 3 years after the appeal of General de Gaulle...

[Question] What kind and how many Iranians do you expect to rally to your cause?

[Answer] First, it is not a question of "my" cause, but that of Iran. I think I have the support of the intellectuals, the tribes of my religion, the middle class... and of all those who have had enough of the chaos into which Mr Khomeini has plunged the country. But beyond these categories, I

appeal to all nationalists and progressists. Two qualities are essential: the country must be saved and led towards progress.

[Question] "I propose the third road." Is there no religious notion in this definition...?

[Answer] I am a fervent Moslem. But I do not think that politics should be the concern of ayatollahs or mollahs. The former led Iran towards ruin and disaster, the latter execute their will. The Iranian people deserve better.

[Question] What would you do if you were to return to Tehran in power?

[Answer] I would rejuvenate the economy and strengthen the army. First to put the country back on its feet, second to insure its security, and keep the infection from the East, the Iran of Mr Khomeyni, from returning to our country.

[Question] What regime would you propose?

[Answer] The republic, of course. But an authentic republic. In any case, I am convinced of the little importance of the "packaging" that is given to a nation's constitution: little does it matter whether it is a monarchy or a republic, as long as man is respected, and that freedom and progress are guaranteed.

[Question] Who would be your allies?

[Answer] Any country who wouldn't put into question Iran fundamental interests.

[Question] Which Iran?

[Answer] Not that of Khomeyni. That one goes toward catastrophe. Khomeyni has visibly nothing to construct. He is content to destroy and spread terror, with daily slaughters, and the grotesque show of force of the mollahs whose vocation is, should be, quite different. He will not last long. Iran's production is 20 percent less than it was 2 years ago. Without the money obtained from petroleum, in the beginning, Iran would be at the bottom of the pit. If the West had not flirted with Khomeyni, just as it had with the shah, by the way, the present regime would have been swept away a long time ago, because Khomeyni is isolated inside and cornered-in outside.

[Question] You are the Khomeyni No 1 enemy, the man to kill. On the other hand, there seems to be no possibility of establishing any ties between you and the monarchists. Do you therefore want to rally a movement in your name only?

[Answer] Exactly. As the enemy of Khomeyni, without intercourse with the imperial family, I represent--and I propose--the 3d road; that of wisdom, and of salvation for Iran.

DAYAN PROPOSES UNILATERAL AUTONOMY

Tel Aviv HA'ARETZ in Hebrew 22 Aug 80 pp 15, 20

[Interview with Moshe Dayan: "Dayan Responds to Nahum Goldmann"]

[Text] HA'ARETZ: The principal claim of Dr Nahum Goldmann is found, perhaps, in one paragraph of his article which was published on Monday in HA'ARETZ: "The question is whether in the political and military isolation of today, depending on its own strength alone, Israel can be more secure in the long term than within the framework of concrete and formal guarantees, to be implemented over a number of years by the stationing of foreign troops on its borders with the Arab countries. In my opinion there is greater danger contained in the first alternative. For reasons of finance and manpower, Israel will be unable for many more years to compete with the Arab countries, with their unlimited financial resources and their populations of tens of millions." How do you respond to this argument?

Dayan: There are two parts to this. I agree with the claim that there is a limit to Israel's ability to enter into armed competition. I already wrote in my book "Milestones," after the Yom Kippur War, that in terms of manpower I had no doubt that Israel had more or less reached the limit of its capability. In the long run, it would be difficult to increase the size of its army, and to add a great number of additional planes and tanks. This would involve not only enormous financial burdens, with improvements and refinements of weapons, but also the enlistment of many young people into the military service at the same time that Israel would continue a normal civilian life of construction and creativity, of education, of absorption of immigrants, of settlement, and of industrialization. Thus, Israel would have to ensure its balance of forces against the Arab world, which is growing stronger at a rapid rate, by increasing the quality of its weapons--a quality which would make certain that any Arab attempt to conquer and destroy Israel would result in the destruction of their forces. I agree then that Israel cannot continue in an arms race, and that it must emphasize quality in the area of weaponry. I am not going into details here. I am satisfied with the concept of quality. Indeed, this is a varied concept--it ranges from nuclear weapons to electronic equipment to conventional weapons.

but the second, and principal part of Goldmann's comments are, I think, unrealistic. I refer to his alternative. If the question were simply this: what must and can Israel do to be able to withstand the growth of Arab power, the answer which I would propose is--it must strengthen itself within the framework of its capability, and try to avoid a war, and to achieve peace settlements, even if they require many compromises, to solve to the best of its ability the Palestinian issue--and if not to solve it, at least to defuse it. It is not possible for us to completely solve this issue in all areas, and at the same time to maintain the best possible relations with the superpowers which can help us--primarily the U.S.--with arms, political support, and economic aid.

Put simply, Goldmann's formulation is first of all not realistic. As for the proposal of guarantees by the great powers, I do not think that such have been advanced anywhere. He is engaging, if I may say, in a pastoralization of political events. He creates a world of a chocolate box, in which the state of Israel would be such that the superpowers, at least the two main ones, would participate in guarantees of its security, joined by the Arabs, who would want to, although I do not know why they would. On the other hand there are in his article not only imprecisions, but also distortions, perhaps unintended, where he describes Israeli policy as not seeking great power guarantees, but rather seeking as it were a way to be strong by itself, and to depend upon its strength alone. This is incorrect. This simply is not in accord with the facts.

[Question] You yourself were at least a disciple of the idea of American guarantees.

[Answer] I was, and I still am. Not only I, but also Ben Gurion, my master and teacher. He very much wanted to get guarantees for our security, wanted us to be accepted into NATO, wanted that from the Americans, wanted and was ready for us to be a dominion within the British Commonwealth. When De Gaulle said in an offhand manner that we were allies, Ben Gurion seized upon these words as though De Gaulle had actually signed some sort of agreement with us. In personal and private conversations he used to say that he did not believe that these countries would actually come to save us, but he hoped that such an alliance would prevent the Arabs from attacking Israel. He was ready for this wholeheartedly, and he knocked on all the doors of these powers, but they were unwilling.

[Question] But if the guarantee of one power is good enough to deter them from attacking Israel, why isn't the guarantee of two powers a good idea?

[Answer] I am not saying that it is no good. I am only saying that it is unrealistic. I am not rejecting it, but am only observing that what Goldmann says is not realistic. This alternative does not exist, and every time he cites the sources, he in fact trips himself up.

First, let us consider 1956. There was a joint demand of the U.S. and the USSR that we evacuate the Sinai. Ben Gurion agreed to this, and in exchange

a UN force was stationed there for the first time. The USSR participated in this force with observers. The two superpowers decided that there would not be any American or Soviet soldiers, but only observers. At that time, that was the maximal guarantee, which Israel agreed to, and in exchange for it Israel withdrew. What came out of these guarantees? In 1967 Nasser sent it home--with no resistance from the USSR. Remember what transpired between the Soviet ambassador and Eshkol. Eshkol proposed that the ambassador send his military attache together with other attaches or by himself, to the Syrian border to see that we were not attacking anyone, and then we would have remained at the 1967 border.

I assume that Goldmann does not propose that we withdraw behind the 1967 borders. For the moment he is not speaking of withdrawal. But I assume that he understands that Soviet-American guarantees--as he calls them--will be given only for borders which are accepted by the Arabs. And it may be assumed that these borders would be the borders of May 1967, with some sort of demilitarization agreement.

Israel once had such borders, and we did not control the old city of Jerusalem, but only had the new city, and it was the Soviets who pushed the Syrians to embark on a war. Nasser faced a situation in which he could not but respond to the Syrians and collaborate with them, and so he moved his forces to the border.

Thus, the first question regarding that period is: there was Soviet-American collaboration in the Middle East a) in the demand of a French, English, and Israeli withdrawal; and b) in the solution of stationing UN forces. Did Israel oppose it? Did Ben Gurion oppose it? I am dealing with two things. The first--Goldmann's claim that Israel has pursued a policy which negates such a thing. Ben Gurion was a disciple of guarantees, he wanted them more than the Americans and the Soviets combined. Secondly--according to Goldmann, the Israeli policy was one of provocative buildup, which was simply untrue.

[Question] Essentially, the principal thesis of Goldmann--putting aside for the moment his proposed alternative--is that we are unable to depend upon our own military strength. As for the question of "what will be," already many years ago you said "we shall live by our sword." The question which Dr Goldmann is raising is whether this statement still holds. It is impossible to ignore reality. There is fatigue, there is emigration instead of immigration, and the troubling question is whether we can maintain our position for another 10-20-30 years without making some profound compromise. Ben Gurion used to say that we do not have to depend upon the gentiles, but only upon ourselves. The question is whether this conception is still holding today.

[Answer] No, that is not true. Ben Gurion never said that we should depend exclusively upon ourselves. He said that we should never get into a war without a great power as an ally.

[Question] Ben Gurion said something very wise--it is not important what the gentiles say; it is important what the Jews do. He did not say that what the gentiles do is unimportant.

[Answer] Ben Gurion's conception, especially in the realm of security, was that we should not be isolated. That was his primary goal.

[Question] Nevertheless, the question is what should we do today. That we are isolated is undisputed. There has been a loss of faith. The question is whether or not we really do have to make some profound compromise in our political conception, so as to escape the isolation.

[Answer] We are talking about two different spheres. Goldmann speaks--and with this I agree--about the seriousness of our situation. I do not want to be fatalistic about "what will be if." Three question marks and three periods after that, and finished. Just because our situation is serious does not mean that Goldmann's proposal is realistic. What he proposes is unrealistic. I separate two things: as to our situation, I say it is serious. Do we have to find ways of bettering it, of escaping the isolation? I say yes, and have proposed things to achieve that. But that does not mean that every step has a responsive step, and that Goldmann's response is realistic.

If we are talking about Goldmann's proposal--it is not enough to say: do you, Moshe Dayan, think that we can live this way forever, and if not, then let us accept the guarantees of the great powers. The question is: are there really such things as guarantees by the great powers?

[Question] Even Goldmann does not deny the great difficulty in reaching that solution which he wants. He himself has said that there is no certainty that the superpowers are ready to grant guarantees to Israel. He recalls Ben Gurion's appeal to the U.S., seeking guarantees, and he says that the Americans did not respond. He argues that today, the U.S. cannot solve world problems by itself. It must solve problems through cooperation, coordination, and understanding with the second superpower, the Soviet Union.

You mentioned the solution which was proposed after the Sinai Campaign. Then there really was cooperation between the U.S. and the USSR, and in any event the arrangement lasted for 10 years. There is an impression that the Russians were not so satisfied with what happened in 1967. Perhaps this example shows that basically, there is a possibility of cooperation between America and Russia to ensure peace in this region.

[Answer] What I am saying is that Goldmann incorrectly describes political reality. The question is not a hypothetical one of "what would I want." The question is: "What do I want, and what do I do," and not "what would I want." We can sit here and make an idealization of the world, where there is cooperation between the USSR and the U.S., where the two of them will view Israel as an unimportant and non-decisive factor in their

...and will agree to make Israel into a Switzerland, and so forth. I do not want to play "what would be if," as if the question were: "If there were such a possibility, would you support it?" This is not my nature, and I do not want to get involved in it. I want to deal with this question: "What exists, and what is possible; what has existed and happened in the last 30 years, and what can we expect in the future; what can and must we do?"

[Question] Didn't this possibility exist three years ago?

[Answer] No. I want to take this example. It was not Israel which cancelled the Soviet-American agreement of 1977, nor was it American Jewry. With all due respect, Goldmann is misleading on this matter, or else he does not know what he is talking about. In that same period, Israel reached an agreement with the U.S. in the form of a working paper which was not based on cancellation of the American-Soviet agreement. Sadat was the person who cancelled the Soviet-American agreement. Until that time, the agreement between us and the U.S. spoke of going to Geneva, and the meaning of Geneva was the "co-chairmanship" of the Soviets and the Americans--this was the agreement we had made. It was I, your faithful servant, who signed the agreement in the name of the Israeli government, to go to Geneva, meaning the co-chairmanship of the Soviets, while at the same time the Arabs appeared as a united group, including Syria, and Syria meant the Soviets. This was the agreement with the Americans.

Goldmann claims that American Jewry scuttled the Soviet-American agreement. This never happened. On the contrary: Israel tried the path to Geneva, and the Israeli government of Begin agreed to this. What happened later, and why was it scuttled? Because Sadat, without consulting with the Americans, came to Jerusalem, and he explained this when he said that he was aware of two things, a) that the other Arab countries did not want peace--he was referring to Syria, b) that the road to Geneva would not lead to peace, but would only bring the Soviets back into the Middle East--something which he did not want. He then called, as an alternative to Geneva, for the Cairo conference, without the Russians, and he invited the UN, the Americans, and all of the other Arab countries. Before, we spoke of 1957. Now I am talking about 1977, twenty years later. Israel did not halt the Geneva process, i.e. Soviet participation. The political reality, initiated by Sadat--I do not disagree with his estimate--was that which upset the process, and which scuttled the joint policy.

[Question] Didn't the Americans give up on the working paper even before Sadat started his initiative?

[Answer] No. On the contrary, they accepted the working paper.

[Question] Did the Egyptians accept the working paper?

[Answer] No. All of the Arab countries said that they wanted changes in the working paper, and later, Sadat began his move.

[Question] At that time, did the Egyptians say anything against the Soviet-American document?

[Answer] Not until Sadat went to Jerusalem.

[Question] Did the Soviet-American document push him to that?

[Answer] Yes. Sadat is not ashamed to say that he was opposed to Soviet participation and going to Geneva, thereby bringing the Soviets into the Middle East.

[Question] But you, as the foreign minister at that time, what were your reasons for being so sharply opposed to the Soviet-American document?

[Answer] Because within that document there were changes in the American policy with respect to Israel and with respect to the Palestinian issue which went against our favor. I refer to the "legitimate rights" and other things. This document, through terminology, changed the American policy. It was not a situation in which the Soviets agreed to accept American policy with respect to the non-establishment of a Palestinian state. Rather, in order to achieve a joint Soviet-American statement, the Americans gave in to the Russians, at our expense.

[Question] We also accepted it at Camp David.

[Answer] It is not worth jumping from one issue to another here, and I do not favor a cross examination. We are talking about the Soviets. We brought up two examples--1957 and 1977--in both of which it was not Israel which rejected participation. I am not saying that we were enthusiastic about it, or that I regret that the USSR was not included. But I am arguing against the conception of Goldmann, and I am saying that he is pastoralizing political life and has been ignoring reality for decades.

Take the situation today. There are basic differences between the U.S. and the USSR, and perhaps a fraying of relations between them. Not with respect to Israel. It began with Iran, and later Afghanistan and the oil question, Saudi Arabia, and all the rest. Things are connected. They do not operate alone. There is a deterioration, perhaps to the point of ending detente. It is impossible to come forward today and speak about superpower guarantees for Israel as though it were just over the wall, in hand's reach, and that the thing which is upsetting it is Israel's policy, of relying on our own strength rather than relying on international guarantees, or at least viewing them as a solution.

Now I would like to shift to what I consider to be the positive side, to what I view as the solution. I am not proposing that we each cry on one another's shoulder about how bad things are, about how there is no prospect of competing in an arms race. That leads nowhere. Look--we made a peace treaty with Egypt, and in that agreement there is one element--relating to security--which I consider to be of utmost importance, which I hope will be preserved, and not silenced.

The positive element is that in the peace agreement between us and the Egyptians, the Americans accept upon themselves--and only themselves--in a generally expressed form, the responsibility of guaranteeing the preservation or realization of the peace agreement between us and Egypt, on the common border. This is implemented in the stationing of the multinational force and the fulfillment of American obligations in the defense agreement, and in political reality--first of all by the fact that today Egypt depends on American weapons and American political support. The entry of America into this agreement began with Carter acting as broker, and its being a partner in it, and a signatory to it, and being ready to work for it, i.e. to maintain American military or civilians there, and so forth, and America's being the political back and weapons supplier for Egypt. All of this means that America has guaranteed the Egyptian front. According to this guarantee, if Egypt--if Sadat or anyone else--tries to breach the peace agreement and attack Israel on that front, we have a kind of American guarantee, not defined, but in fact no different from the stationing of UN troops in the past.

When the Americans, the Egyptians, and ourselves wanted to bring the agreement to the General Assembly, the Security Council, so that the UN would adopt it--and then we would be talking about UN and not American forces--the Russians exercised the veto. What does Goldmann say about this reality? When Sadat came to Jerusalem should Israel have refused to make a peace agreement with Egypt? To say that a bird in hand was better than two in the bush? To say that we do not want a peace treaty with you, but prefer Russian participation, a general peace, when he explained that the other Arab countries do not want peace? I do not think that Israel should reject any hand which is extended to it. If it is possible to get a peace treaty, we should do it, even at the price which we paid for it.

In this peace agreement, there is a unilateral and realistic guarantee regarding those things which in daily life and in the present situation, the U.S. is ready to guarantee or to participate in. On the other hand--because of Soviet-American relations and the rift between the rejectionist states and Egypt--there was no possibility at all of the agreement being accepted by the UN, or the use of UN forces, because of the expected Soviet veto. This is reality, and not the reality described by Goldmann.

[Question] How do you explain the fact that the USSR in 1977 was ready to be a co-chairman at Geneva, but cast a veto in the Security Council, and opposed this resolution--UN guarantees in the Sinai?

[Answer] Because it was not Geneva. It was an American-Egyptian-Israeli peace treaty, contrary to the wishes of Syria and the other Arab countries, and that the USSR did not want. It wanted to go together with all of these countries--including Saudi Arabia, Jordan, and the PLO. We have not even touched on the issue of the PLO, which is a problem in itself, and at the moment perhaps the most decisive of all of the issues. The USSR spoke of a general agreement at Geneva, not about a Cairo agreement, not about a Sadat initiative, and not about a separate peace.

[Question] Good, if we were to reach a general agreement--ultimately the Egyptian agreement stems from the assumption that there will be a general agreement--it is possible that this conception would again be more practical, as it was once close to being.

[Answer] I do not want to play the game of "if." The question is either "what are we doing, and what is the policy" or it is hypothetical as in "what would I do if." Was there something incorrect in Israel's policy of seeking international security, etc? Was Israel the one which pursued a policy which was different, or opposed to that, and if so--when and where? This is what Goldmann claims--that another policy is possible, and that in the past it was possible to pursue such a policy, and that Ben Gurion wanted by force of arms to take Mt Hebron, and another war, and another occupation, and so forth.

I say that this is a distortion and twisting of the truth. Goldmann ignores the daily policy which transpires in the world, not because of us or anything we do, but because of other factors, while we--in this policy--have to assure to the best of our ability the security of Israel, again by achieving peace with the Arabs, and so forth. Then you say: "If there were an agreement, a general peace treaty..." Why wasn't there a general peace treaty? Because of us?

[Question] The question is also what are we striving for? If we were striving wholeheartedly and with a readiness to pay a price as high as the one we paid in Sinai, for a solution to the problems on our eastern border, perhaps we would have created conditions which would have made the existence of Israel easier. This is not merely a hypothetical matter of "if" but it is also a question of what we are doing and for what we are striving. This is what Goldmann is writing about.

[Answer] We are striving for peace with all countries. Here two questions arise--first of all, the "next stage" was always considered to be the Jordanian-Palestinian stage more than the Syrian stage. I think all of us agree on that. Negotiations with Jordan continued throughout the whole Alignment period, on the basis of certain territorial compromises. Other than SHELI and the Communists, I never heard Goldmann or anyone else propose going to the Jordanians more than the Alignment was ready to do. The party who refused was Jordan and not Israel.

Now, in my opinion, the situation is much more complex, and here we have to take into account the factor of the PLO. Now--and Goldmann must deal with this and it is one of the principal difficulties in an agreement with Jordan--the problem is the PLO, which in its position in the world and the Arab world with its aspirations, wants a Palestinian state. It speaks not of a territorial compromise with Jordan, but of a Palestinian state. When we talk with Jordan today, the question is not only how the border will be drawn, but what Jordan will do with territory handed over to it by Israel. If the Alignment returns to power and returns all or most of the

West Bank to Jordan, will the formula of two countries--Israel and Jordan--be preserved, or will a situation of three countries develop, because Jordan says it will let the Palestinians do what they want, and we know what they want.

If tomorrow a Palestinian state is established on the West Bank and in Gaza, it will not be able to absorb one refugee, because each year more and more Palestinians are leaving the West Bank and Gaza than they are able to absorb. Thus, if the PLO accepts the Arab state, it will not say that it has thus solved the problem. What will it do with the refugees in all of the other countries?

Therefore, when we talk today of being ready for more concessions on the eastern front for a peace treaty with Jordan, we have to consider not only whether we are ready to give Jordan larger pieces of territory, but whether we estimate or guess or expect as to what will happen to those territories, and whether or not we see the possibility of the establishment of a Palestinian state there; if and when a Palestinian state is created there, will it signal the end of the dispute, and reasonably peaceful relations, or will it be a base for attacks against Israel, as the PLO says. This is the question regarding the eastern front.

[Question] But before we get to the problems with Jordan and the rest of the Arab countries which reject Camp David, isn't there a prior stage: according to the Camp David agreement we must reach an agreement on autonomy which takes into account the participation of the Palestinians, but it has also been taken into account that the Palestinians will not participate, and Sadat has said: you can also do it with us. But in this area we are not making any progress. Don't you think that in the meantime we are worsening our situation in that we have not perfected the agreement with the one partner who did sign with us?

[Answer] True, I completely share the opinion and even champion it, for the matter is so important and essential to us that even if there is no agreement--neither with the Palestinians, nor with Jordan, nor with Egypt--we must realize the essential matters in this issue even unilaterally. Now that I am writing a book, I have come across a document and discussion which I had with Begin very early on, when I had already begun to discuss with him the virtue of unilateral realization. I also wrote a letter to the legal counsel, in which I requested an opinion from him regarding my proposal of unilateral realization of this agreement. I definitely agree that in the agreement with the Egyptians, we must do everything we can to expand it, and there is much that we can do in this matter to expand it to the West Bank and Gaza--even in a unilateral manner. I should only note that this is not in accord with Goldmann's conception.

If this is a case of Dayan vs Goldmann, then I say that what he proposes does not exist. We must see the realistic political options which have been opened before us, and the possibility of our working to realize them so as to achieve peace with the Arabs. If we are talking about our

security and the security of Israel, I do not know if we could depend upon the guarantees of outsiders; I do not know if we could achieve them. But there is no doubt that peace with the Arabs is an essential element, even if the alternative is to depend upon our own strength--it is preferable first of all to achieve peace with the Arab countries but the question is what to do.

[Question] Practically speaking, when you say unilateral steps, what do you mean?

[Answer] I have said this many times, but I am ready to repeat it: we must remove the military administration from the Arab population, and allow them to run their lives themselves--including their own police and links with Jordan--as they see fit. We must stop telling the Arabs what to do, and get out of their lives, and confine the IDF to Israeli settlements, and to recognize Arab leadership, without elections. I do not care. I know the Arabs of the area. Why should we reject the Council for National Direction? Let them take their leadership from it, or from wherever they want, and it will be the political leadership. This also has meaning if we call it administrative council, according to Camp David, but in fact the issue is political.

[Question] Would you recognize the present Arab leadership?

[Answer] I say that I am agreeable to anyone who in a legal manner is here and is elected or appointed by them. It makes no difference whether it is elected or appointed. What would we do if, under the terms of Camp David, it was these people who were elected? We agreed that it would be they and not we who would elect their leadership. All the talk of our being able to nurture a moderate leadership is foolishness. Aside from quislings, we couldn't raise anyone.

[Question] Would they participate in such an arrangement?

[Answer] They would participate. In my opinion, definitely.

[Question] Doesn't Shas'a, no less than Arafat, want the destruction of Israel?

[Answer] I say yes. As long as he doesn't violate the law, I do not want to know what he wants in his heart. If they make it possible for terrorist bases to be set up in their cities, then we will go back in. We will not pull out of Gaza so that every day a sabotaged car can leave for Tel Aviv. I am not talking about that. I am talking about leaving Gaza so that two peoples can live in peace.

When I talk about leaving unilaterally, I do not mean that we should throw out the baby with the water, but rather going to them and saying: we want to realize the Camp David agreement, we are ready to leave without arranging anything, without signing, without anything, but on the basis that you

are able and ready to conduct your lives yourselves. This had to be done without an agreement, unilaterally, for no one would sign such an agreement with us.

[Question] You mean the Egyptians wouldn't sign? Isn't that what the Camp David accord requires in fact--that we achieve an agreement with the Egyptians on the details of autonomy?

[Answer] I see that after a year and a half, we have made almost no agreement with them. We sit and talk with them, but agree on almost no issue. I started from the assumption that from the moment that the Palestinians, Jordan, and Saudi Arabia rejected Camp David, they also rejected the idea of autonomy. So I say that we have to do this unilaterally. I have brought this example too many times, and still I have to repeat it: if we were asking Jordan to make an agreement with us regarding the bridges--we would reach no agreement. However, when they are faced with the possibility of closing the bridges, they have preferred not to close them.

When we first agreed that Arabs could freely enter Israel, the PLO opened fire on workers who went to work in Israel. When we wanted to hold municipal elections for the first time, the PLO said it would fire on anyone who participated, and the mayors did not want to stand for election. But when we did it unilaterally, we forced elections on them, and we said that if they did not go along we would put them in jail, then they all went and ultimately they loved it. I believe in continuing the peace process by giving self rule to the Palestinian Arabs, on the condition that it not damage our security, and this has to be insured by the remaining of the IDF, and it is assured by the Camp David agreement, and by our unilateral declaration that we are leaving unilaterally, as long as enemy bases are not developed. This must be done, and they must be allowed to elect or choose their own leadership.

[Question] If we were to do this unilaterally, don't you think that the Egyptians would view it as a breach of the Camp David agreement?

[Answer] I think not. I believe that I read in the press two months ago that Sadat said--and I almost praised myself in that he adopted my formulation--that he did not understand why the Israelis did not unilaterally start the autonomy. Sadat said this in a speech, he used my terminology, and I assume that he heard this formula and used it.

I do not accept the approach which says that there is no alternative. The whole world recognizes the PLO, a Palestinian state will be established, there is no escaping it. At the moment that this formula is accepted, there will be no alternative. Then it will no longer be a question of whether I want it, but rather whether I will throw up my hands and refuse to be a partner to it.

[Question] Many people still look to you. What do you--Moshe Dayan--say we have to do in this situation?

[Answer] a) I am in favor of accepting great power guarantees, not guarantees but a military alliance I prefer. We discussed this with the Americans, and they asked: do you or don't you want American guarantees? I said that I wanted to be a member of the club, I wanted to be a partner to some kind of framework--please, expand NATO to include Israel. We would view that as an enormous achievement for us; we would have your commitment and you would have ours. They did not and do not want it. I am ready for less, that they should help us maintain our strength. Even Goldmann does not propose that we disarm in the face of the Arab countries. Do we want a lame country in the face of modern weapons? Does anyone really want this country to get into a wheel chair? Not even Goldmann wants that. So for the time being, the end of days has not come, there is no disarmament, no nuclear inspection, etc.

So I think that what we must do is to strive for peace with the Arab countries as much as possible, under realistic conditions; and to get guarantees, or a military alliance, as much as possible, with the great powers. Today, it is the U.S. Before this meeting, I put a pink notebook on the table. I don't know if you remember. I remembered it and searched for and found the resolution of the three great powers. Do you remember it? In 1950, the three great powers were for the limiting of arms sales, and so forth. They agreed among themselves to sell no arms to either Israel or the Arab countries, except by mutual agreement, and at the same time to prevent aggression. If anyone breached the agreement, then they--either through the U.N. or by their own force outside of the U.N. framework--would work against the breach of the agreements. Even you don't remember it. It was there on paper. Good. Once there was such a thing. What happened? Political reality erased it. Not we. Political reality erased it, and joined France and England, and so forth, and created other things, and there was a development into something else. In any case, Goldmann sees a superpower guarantee as the solution to our problem. I cannot forget, and one should not forget, that in 1967, after the U.N. forces were pulled out, we appealed to all of the powers, to France, the U.S., England, and I remember the British Foreign Secretary Brown, who went to the USSR. He went to the USSR with his request. And what were we asking from all of them? That the border of the Green Line be preserved, and that Nasser lift the blockade of Sharm al-Shaykh. Johnson said: "We are not the policemen of the world." We asked him who was the policeman. He said that there was no world police force. So the question is, does Goldmann really think there is such a concept. Look what happened to the UN forces in Lebanon. In 1980, is there a realistic effective concept of guarantee, according to which "we would go out to war immediately..."

[Question] The two great powers did reach an agreement with respect to West Berlin. There is an agreement, and the matter is closed, without changes.

[Answer] I am not saying that there cannot be an agreement between the great powers. There can be a SALT agreement or an agreement on Berlin.

I am talking about the guarantee for one small country, such as Goldmann imagines, a small country which would be protected from the Arab world, the Khomeinis, and those who want to destroy it, by means of forces acting on behalf of the powers. It is not whether or not there can be an agreement between the powers, but whether we can rely on it, and whether there is such a thing as a world police force which would preserve order or protect us, and if the answer is yes, who is prepared to do it, and under what conditions.

I do not reject this. All countries and powers will tell you that a first condition is a peace agreement between us and the Arab countries. They will guarantee nothing except on the basis of a peace treaty. If there is a general peace treaty, the USSR can be a partner to it. If there is a separate peace treaty, such as with Egypt, only the country which is Egypt's ally--the U.S.--will guarantee it. What happens in the meantime, and the alternative is whether we should spurn the outstretched hand of Egypt. Let's agree that there is such a hand. Let's make a treaty with them if we can reach an agreement, and let's accept the partial guarantee of the U.S. for that part--if the U.S. is ready for it, and if from our point of view it is a condition for really assuring Sadat's word of honor.

[Question] But why do you believe in this American guarantee? Why don't you think that its fate will be the same as that of the document you showed us?

[Answer] On this planet, I know of nothing more trustworthy, at least for a limited period of time, than a commitment passed by the U.S. Congress; and if we say that today 242 is broken, we must remember that resolution 242 was passed in 1967 and 13 years have passed since then. We are talking about a document signed by Carter a year ago, which will enter into force in another 2 years.

It is possible that when the time comes, there may be a new political reality. But I think there is no escaping it. Unlike Goldmann, I cannot sit and advise Israel. I have no choice but to read the reality and its realism. Sadat came, that was the situation; the American-Russian agreement was cancelled; the question was whether to accept or reject. In the treaty with Sadat, there is a specific American guarantee, and it may be that on the day when it is breached, they will not stand by it, and then we will have to face a new reality: to withdraw or not to withdraw. There is no escape. And in the meantime, Khomeini has happened, and Afghanistan. Talk about great power guarantees over 30 years, which are not tested each year by reality is simply unrealistic.

[Question] Which means that you claim there is no prospect of such guarantees. Goldmann too says that it is not clear, and that he cannot promise that it will be so. And you propose that we unilaterally impose independent administration.

[Answer] I claim that we have to live a political life, and do the best possible. If we can make peace with Egypt, we should make peace with Egypt. To accept American guarantees? Let's accept American guarantees. But first of all we have to terminate the military administration and give the Palestinian Arabs self rule, without affecting our security. If we cannot make an agreement, we have to do it unilaterally.

[question] OK. We give them self rule under the conditions and in a form which you think is appropriate. After the self rule, there will be problems, there will be road blocks and disturbances in the cities, and we will have to intervene, and there will be wounded and dead. The Arabs will call for a Security Council session where they will denounce the self rule as Israeli oppression. We have already reached the point where there are anti-Israel resolutions in the Security Council...

[Answer] Yes, but not because anything happened which you describe, but because it did not happen. We have not granted self rule. What are the UN resolutions about? Are they because we left Gaza and they blocked the roads? That is theory. It is possible that such developments will occur. I have heard such dark prophecies from Sapir and others: what will happen if we removed the road blocks between Gaza and Israel, so that any Arab worker will be able to come to work in Israel? He will bring a grenade in a basket. I argued then that the last Arab to bring a grenade in a basket would be one who came to work, because we would know where he worked and where he lived. If he would want to carry a grenade he would not want to work. Only a non-worker would bring a grenade.

I do not know if, following the exit of the military government, Gaza would want to destroy all of this, and turn its life into a hell. It would be their life and not ours which would become a hell. I do not know. What I do know presently is that the Arabs are the greatest opponents to war, because they say to themselves that in a war they will be destroyed, they will become refugees. This assumption is not an uncertain scenario. In any case, I think we have to grant the option of self rule. Part of it we can do now, by civilianizing the offices. Let them run their ministry of health, their education, and their agriculture as they see fit. Let them have it. I am interested in the agriculture of Nahalal. If they want us to help them develop their agriculture, fine. They do not want to be under our ministry of agriculture, our plastics, our fertilizer? Fine, let them do what they want. We should get out of their lives.

[Question] And who will administer the water system?

[Answer] There has to be cooperation in the administration of water, for they depend upon us and we upon them. We have to do it together.

There are two questions in the matter of water and public lands. There are a lot of questions. Who will judge an Arab who kills a Jew, or a Jew who kills an Arab? Which court will have jurisdiction? I do not know all of the answers to these questions, but they are not decisive.

The question is the fundamental political course which must be in two things expressed: to let them conduct their own lives, and to let them set up their own administration. Anyone who wants to be elected--which means anyone who is not in jail here, who does not have a case against him--can be elected. If he can be a mayor, he can be in the leadership.

[Question] Before you resigned, you had a series of meeting with West Bank leaders. Was it your impression that their extremist leaders would participate in the unilateral implementation of self rule.

[Answer] I believe they would cooperate. They would not sign anything. They would repeatedly say: this is not our idea, we are not part of it, we did not ask for it, and we are not signing anything. We want a Palestinian state. We want the removal of all of the settlements, the IDF, etc. This would be the formula of their demand. But they would not oppose the departure of the IDF from Gaza and the creation of a local police force. They might even say: we need an additional three months to enlist additional police officers. They might request police officers from Jordan, under the terms of the Camp David accords. Do you think they would oppose the removal of the Israeli police flag from the police station in Gaza, and the unfurling of the flag of the local police? They would say good riddance to us, and celebrate for a week. I hope that the celebration would not include sending terrorists to Yad Mordechai or Kiryat Gat.

[Question] When you were a foreign minister, you had a lot of contact with European countries. Do you think that if your proposal were implemented, and there were an independent administration in place, do you think that this would ease our isolation from Europe today?

[Answer] Not formally. Formally the Europeans are behind the rejectionist front, and demand the removal of the settlements and the IDF and a return to the old borders. They demand a Palestinian state, with international guarantees for Israel's security.

If you ask them what kind of security, they answer: like the UN forces in Lebanon. We know what that is worth. Aside from the question of whether Israel is ready to leave the West Bank and the Golan Heights, I am not ignoring it; in any event, I do not belong to the group which would abandon what I call the "patrimony." For me it is very important, not to be a stranger in Shiloh or Jericho. In this respect I am a disciple of Berl Katznelson, and when Ben Gurion was for the partition and Berl was opposed, and they asked him--why? He said: a people has a tomorrow, and not just a today. They asked him--what are you giving up? Can't you give up anything? You can give up what you have and you can give up what you don't have. He said: I am giving up tomorrow.

I think that the motivation of every Zionist movement is in these areas. Again I would quote Berl, what Berl called the patriotism of verses: see what is happening now with respect to Jerusalem. Let's leave the Jerusalem Law and the Old City. Not one country has ever recognized West Jerusalem

as Israel's capital, including the U.S. But can the Zionist movement really give up Jerusalem as the capital?

In substantive Zionist terms--the very substance and spirit of the modern return to Israel--Israel could give up Jerusalem as the capital, but then we would return to the Uganda of Herzl, or the proposal to set up a Jewish state in Sinai. From my view, the territories on the West Bank are our spiritual significance.

I am not saying that we have the exclusive right to the West Bank. I am not saying that the Arabs should not feel at home there, for it is their home as much as ours. But I am looking for a way so that I will not be a stranger there, so that I will not have to be cut off from there. I am happy with the deal we made under which any Arab can travel to Israel without a visa, that he is not a stranger, and does not need permission to go to Netania. And not just from the territories. All the summer visitors, the 130,000 Arabs who come from across the borders and cross the bridges, come here without visas.

So the same status which we have granted for the last 13 years, I hope will remain for us in the territories, and that when there is a final treaty, we will not be strangers and we will be able to continue to settle there.

In any case, when you--not Goldmann--ask what will be the practical results, there is no way of avoiding these things. But something has been accomplished in the last 13 years. You are familiar with my approach to the Golan Heights. I do not think that we should have sat with folded hands for 13 years and rejected proposals. When we said we were ready to leave the Golan Heights and Sinai, we were really ready, within the framework of a peace treaty. When Nasser said no peace, no recognition, and what was taken by force will be retaken by force, we began to build. We built Yamit and we built the Golan Heights, on the assumption that if this was their response, we did not have to sit with folded hands and do nothing. With some limitations, we did not build settlements and villages on the Gulf of Suez. There were such proposals, and we rejected them. But at least we got out the oil.

In terms of political reality, just as there is a PLO reality, there is also a Jordanian reality and an Israeli reality regarding what has happened in the last 13 years. Anyone who points to the decline in morale, etc must also recognize these elements. How could one strike this people from within? By giving up the settlements in the Jordan Valley? To let it all go back to Jordanian or Arab sovereignty? Will that save or help us? We need a pragmatic view at each step: let's do now what can be done now. Let's deal now with what we can now. Sadat came--we dealt with an Egyptian peace treaty.

This is the case regarding the Camp David accord with respect to Gaza and Judea and Samaria. We must do now what can be done now, and see what happens later. I think that this is more realistic than Goldmann's approach which says: let us create a thesis for ourselves now regarding the future, and then we will work to realize it.

ISRAEL VIEWED AS DETERMINED TO MAINTAIN NUCLEAR SUPREMACY

Amman AL-DUSTUR in Arabic 19 Jul 80 pp 1, 19

[Editorial: "Israel Between Peace and Nuclear Horror"]

[Text] Since Iraq signed an agreement with France for the purchase of uranium and two nuclear reactors to be used by Iraq for peaceful purposes, Israeli and Zionist enemy circles have been waging a fierce campaign of falsification and allegations. The purpose is to block the great accomplishment sought by the sister nation of Iraq in the field of technological and cultural development.

Israel, which has been planning for a long time for nuclear horror in the area, for the purpose of achieving military supremacy and carrying out aggressive and expansionist policies, is now creating a storm on the international scene. It is ignoring the fact that it has already used every illegal way to develop its nuclear capabilities and deny the rights of others to do that which Israel has allowed itself to do.

A brief comparison exposes the nature of the Zionist aggressive mentality and its schemes to create nuclear horror in the area:

--Israel refuses the suggestion of the UN secretary general to conduct an inspection of the nature of Israel's nuclear research in the reactors of (Dimonah?), the Technion and other areas. Israel's refusal is a way of hiding its military nuclear development, while Iraq has accepted such inspection as well as the conditions placed upon it by the French government for this purpose.

--Israel did not sign the international treaty to limit the use of nuclear weapons while Iraq did.

--Israel was able to acquire the nuclear reactor of (Dimonah?) and uranium from France at the beginning of De Gaulle's regime. Iraq is purchasing its reactor from the same source and under more detailed and defined conditions.

--Israel was able to acquire uranium by means of bilateral agreements and by stealing uranium from American reactors, as was disclosed about 2 years ago. At the same time, Iraq will acquire specific amounts of uranium and return any excess to France, according to the agreement between the two countries.

--On several occasions, Israeli sources disclosed that Israel has a nuclear bomb. It is possible that reports which circulated about Israel's nuclear test in South Africa are evidence of Israeli nuclear capability. On the other hand, neither Iraq nor any other country in the area expressed a desire to own this weapon or to bring it into the Middle East.

Israel's determination not to allow nuclear technology to enter the Arab countries, even for peaceful purposes, is not due to fear of nuclear weapons, even if we suppose, for argument's sake that the Arabs have them. Israel's purpose is to maintain its military supremacy in the area. Israel also intends to threaten the Arab world with the nuclear weapon, which we do not doubt it has, if the Arab countries should ever try to put a stop to Israel's military aggression and Zionist expansion into Arab territories.

This explains the fierce campaign launched by Israel against France, and its threats to the French government that it will use every means to prevent Iraq from acquiring the two reactors. Israel's fear of a just and total peace in the area always puts it in a vicious circle of fear and horror.

The determination of the Arab nation to develop its potentials, based upon international technological development, will not prevent Iraq or any other Arab country which follows this path, from realizing such an accomplishment. The people who believe in peaceful cooperation for the bettering and the progress of human beings, such as the French people, will never allow Israel to remain as a permanent element of danger to peace and security in this part of the world.

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CABINET APPROVES RECORD 1980-81 STATE BUDGET

Kuwait AL-QABAS in Arabic 28 Jul 80 p 3

[Article: "The 1980-81 Budget Is the Largest Budget in Kuwait's History"]

[Text] On 27 July the cabinet approved the general state budget for the fiscal year 1980-81. It is considered to be the largest budget in the history of Kuwait.

It is officially announced that public revenues [Part I of budget] total 4,640,227,000 Kuwaiti dinars. Of this total, 4,493,456,000 dinars--96.8 percent of the total budget--are revenues from the sale of Kuwaiti oil. And 146,771,000 dinars--3.2 percent of the budget--are revenues of various ministries and government agencies.

Public revenues are 1,398,904,000 dinars higher than last year. Of this increase, 1,372,919,000 dinars are revenues from the sale of oil.

The first section of public expenditures [Part II of budget], which covers salaries and wages, amounts to 449 million dinars--33 million dinars more than in last year's budget. The second section of public expenditures, covering general expenses, amounts to 185 million dinars--an increase of 61 million over last year. The third section of public expenditures, covering development projects, amounts to 444 million dinars--49 million more than last year. A total of 200 million, 50 million more than last year, is allocated under this section for other public projects. The fourth section, dealing with unclassified expenditures and transfer payments, amounts to 1,597 million dinars--482 million more than last year.

[In Part III of budget] 928,045,400 dinars of the state's public revenues--20 percent of the total--are allocated to the reserve fund for future generations. Half of this figure is allocated in compliance with Law No 106 of 1976; the other half is allocated as an additional amount.

The capital account of the Kuwaiti Fund for Arab Economic Development received an increase in the budget amounting to 50 million dinars. Allocations to various components of state reserve totaled 737,181,600 dinars.

[In Part IV of budget] distribution of budget expenditures in terms of sectors is as follows: A total of 17.24 percent is allocated to public services; 9.37 percent to defense; 19.91 percent to social services; 10.05 percent to community services; 33.68 percent to the economic services sector; and 9.96 percent to unclassified services. It is estimated that 0.21 percent--6,077,000 dinars--will not be spent.

The following table gives a detailed account of the budget.

General State Budget for 1980-81 (in thousands of dinars)

<u>I. Revenues</u>				
	<u>1980-81</u>	<u>Percent</u>	<u>1979-80</u>	<u>Percent</u>
Oil revenues	4,493,456	96.8	3,120,537	96.3
Revenues of ministries and agencies	146,771	3.2	120,786	3.7
Total	4,640,227	100.0	3,241,323	100.0
<u>II. Expenditures</u>				
	<u>Budget plan</u>	<u>Percent</u>	<u>Budget allotments</u>	<u>Percent</u>
	<u>1980-81</u>		<u>1979-80</u>	
Section 1 - Salaries	499,000	17.1	466,000	20.7
Section 2 - General expenses	185,000	6.3	124,000	5.5
Section 3 -				
A. Development projects	444,000	15.2	395,000	17.5
B. Other projects	200,000	6.8	150,000	6.7
Section 4 - Unclassified expenditures and transfer payments				
Total	1,597,000	54.6	1,115,000	49.6
	2,925,000	100.0	2,250,000	100.0
<u>III. Distribution of Revenues</u>				
	<u>1980-81</u>	<u>Percent</u>	<u>1979-80</u>	<u>Percent</u>
Reserve fund for future generations	464,023	10.0	324,133	10.0
A. Law no 106 of 1976				
B. Additional amount	464,023	10.0		
Increase in capital of Kuwaiti Fund for Arab Economic Development	50,000	1.08	50,000	1.54
State reserves	737,182	15.89	617,190	19.04
Allocation for expenditures [Parts II and IV]	2,925,000	63.03	2,250,000	69.42
Total	4,640,227	100.0	3,241,323	100.0

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IV. Distribution of Expenditures

	<u>Amount</u>	<u>Percent</u>
1. Public services (includes organizational services, financial services, security and justice, foreign commitments)	504,270	17.24
2. Defense	274,058	9.37
3. Social services (includes educational services, health services, social security and social affairs)	5 2,531	19.91
4. Community services (includes information services, religious services, housing, public facilities)	293,855	10.05
5. Economic services (includes mining industry and extraction operations, transportation, communications, water and electricity, commercial and industrial services, agriculture and fishing resources)	985,103	33.68
6. Other unclassified services (includes services of the Ministry of Public Works, other projects)	291,260	9.96
7. Expected not to be spent	6,077	0.21
Total	2,925,000	100.00

CAREFUL STUDY OF NUCLEAR POWER, ENERGY CONSERVATION URGED

Kuwait AL-QABAS in Arabic 29 Jul 80 pp 1, 20

[Editorial by Jasim Ahmad al-Nisf: "Our National Duty and Nuclear Power"]

[Text] The cabinet recently decided to form a committee under the chairmanship of the minister of electricity, including two members each from the Ministry of Planning, the Ministry of Oil, the University of Kuwait and the Kuwaiti Institute for Scientific Research, to prepare a study on the use of nuclear power for peaceful purposes. The decision was not made out of a desire for luxury or to squander resources. The reasons for this decision were necessary and urgent; their goal is to secure the electric power and fresh drinking water needs of our citizens in the future.

The energy problem has become a very real one following the growth in population and urban development in all countries of the world, particularly in those countries that do not have sufficient natural resources to increase their energy production.

In spite of the fact that it has large petroleum reserves, Kuwait faces the problem of a lack of trained, technical personnel to build and operate the numerous electric power plants which it must have in order to deal with its demographic growth. Preliminary estimates by specialists and researchers show that the government of Kuwait, during the next 20 years, will spend a total of \$20 billion on the production of electricity and on desalinization of sea water. This will be the cost of the fuel used in power plants if only electric power is depended on during this future period.

This is why we feel that energy production will steadily and increasingly eat up our oil revenues which go into the public treasury.

Thus, it was up to the government to think of some sort of basic solution which would keep the petroleum resources of the country from being entirely consumed as "fuel" to produce energy, and conserve our wealth for use in productive projects.

This gave rise to the idea of the need to utilize nuclear power for peaceful purposes. But how will we be able to achieve progress in this domain?

We must not embark upon this step until we have adequately studied the project from the economic and technical points of view and from the point of view of safety. We will also have to conduct a detailed comparative study of the cost of producing electricity and fresh water by means of nuclear reactors as opposed to the costs of producing them by traditional means.

Also, we should right at the outset conduct a study of methods which would enable us to prevent, or systematically reduce, energy waste. Numerous countries have shown that they are able to reduce their waste in energy by 30 percent or more, by taking "steps" which limit this waste.

Studies undertaken by experts have shown that, in a country like Kuwait, it is possible to conserve energy by building houses or large buildings using insulation materials that maintain a certain temperature. These studies have also shown that it is possible to reduce energy waste by setting a speed limit for cars on the highways and by decreasing excessive use of unnecessary luxuries.

Some experts suggest that summer daylight-saving time be used in public and private offices and establishments to conserve a considerable amount of energy which is presently being wasted. It is a known fact that most of us wake up very early. We could take advantage of this fact and start working an hour or two earlier in the morning to conserve the electric power used up in establishments which operate in the evening hours.

At this point, what we need first of all is to sense our responsibilities toward our nation. We also need to be aware of the fact that the "oil blessing" will perhaps not last forever. We need to be aware that building the nation on sound foundations, is based, every step of the way, on our performing our duties toward each other and toward our future generations. We need to do all this before we can enter the age of nuclear power.

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PAPERS NOTE ROOM FOR IMPROVEMENT IN SOVIET POLICY

'MAROC SOIR' Comment

Casablanca MAROC SOIR in French 4 Sep 80 pp 1-2

Article by Ahmed Alaoui

[Excerpts] On the occasion of the 22nd anniversary of the reestablishment of the diplomatic relations between Morocco and the USSR, the Soviet ambassador in Rabat granted an interview to MAP [Moroccan News Agency] to emphasize the importance of this anniversary and of the event itself.

In his statement to the MAP Ambassador Nersesov expressed his pleasure that relations between the two countries have remained friendly and warm for the past 22 years and that the cooperation which has developed between them has been fruitful and diversified.

The ambassador recalled the agreements:

"The conclusion in 1978 of the agreements between Morocco and the USSR covering the fields of phosphates and sea fishing represented an important stage in the consolidation of our economic cooperation.

"The protocol on trade in chemicals, covering a 30-year period, concluded on 10 March 1978, as well as the long-term trade agreement, concluded on 3 July 1979 between Morocco and the USSR, open new and important possibilities for an upsurge in economic cooperation.

"The years which have passed since have fully confirmed the fact that Soviet-Moroccan trade relations are characterized by a steady growth trend. In 1979 the volume of trade was 2.3 percent compared with 1978, totaling about 700 million dirhams.

"Currently the USSR is considered one of the leading trade partners of Morocco."

Relations on the diplomatic level are excellent. In fact, Morocco is deeply attached to peace as it is to the struggle against imperialism, colonialism and racism. Morocco is in favor of cooperation among nations whatever their political and economic systems and is against interference in each other's affairs. On numerous occasions Morocco and the USSR have been on the same side because, let us repeat it, Morocco is a truly non-aligned country both as regards East and West.

However, this does not prevent us in the least from being critical toward the superpowers. We approve of them when their actions meet our concerns. We criticize them when their actions violate the principles we support. Our alignment, in fact, is not unconditional: it is positive and objective.

This attitude has been perfectly understood by the Soviet Union which has frequently expressed its satisfaction with our attitude. This is one of the reasons which have made it possible for our cooperation to develop and expand.

Therefore, we are pleased by the quality of such relations and by the positive aspect of our cooperation. Yet, there is a but....

Even though we maintain an attitude of friendship toward the USSR, why is it that on the question of our territorial integrity that great country has adopted a stand which makes it the objective ally of our enemies? Is it not, in fact, the Soviet Union that supplies them, through Qadhafi all the weapons and means they are using against us?

That is something the Moroccans fail to understand.

Ambassador Nersesov states that,

"We support and will continue to support peaceful initiatives," he emphasized, "believing that any conflict, whatever its origin, including that at the Arab Maghreb, could and should be resolved peacefully. It is only thus that peace and the best conditions for the multilateral development of countries and nations could be guaranteed."

Well, it would be easy for the USSR to make its contribution to this peace it desires: In order for such a statement not to be a simple slogan, it would suffice for the Soviet Union to stop supplying arms to our enemies. This would put an end to the conflict.

After all, concluding all these cooperation agreements with us, the fishing agreement in particular, which covers all of our territorial waters, the USSR has quite clearly recognized our sovereignty over the Sahara provinces, the way we have recognized its sovereignty over the Baltic

States which, however, have nothing in common with Russia, whether ethnically, linguistically, or historically, at the time when we resumed our diplomatic relations.

Also, on the occasion of this 22d anniversary, we would like to express our satisfaction with the statements of the USSR ambassador to Rabat and wish to share his optimism. However, we would like to find in our partner as much friendship and understanding as we are showing him. That is why we emphasize the fact that the Soviet attitude must be clarified and freed from any equivocal or ambiguous facts. The best possible contribution which the USSR could make to the reestablishment of peace in the Maghreb would be by no longer supplying abundant armaments to our enemies.

'L'OPINION' Comment

Rabat L'OPINION in French 7 Sep 80 pp 1, 3

Article by Laila Tazi

Text: Ever since it gained its independence, Morocco has been one of the countries which has scrupulously and steadily observed the principles of nonalignment, and one of the rare developing countries not to have deviated from its policy of neutrality and independence toward the Western and Eastern blocs.

The very important and very satisfactory statements recently made by the representative of the Soviet Union in Rabat, on the occasion of the 22d anniversary of the establishment of diplomatic relations and relations of cooperation in various areas of great importance, between the USSR and our country, are a brilliant homage to our foreign policy based on healthy principles and practiced frankly and sincerely.

The results of 22 years of excellent relations between his country and ours, summed up by Nersesov, Soviet ambassador to Rabat, could not have been more positive.

We note with satisfaction that "the USSR is considered one of the leading trade partners of Morocco today;" it was not without a reason or likely that the Soviet diplomat emphasized the will of the two countries to develop their cooperation "based on reciprocal advantages and common long-term interests."

On the political level, let us note, for the sake of history and for our occasional detractors, that the representative of the Kremlin loudly stated that "Moscow and Rabat are waging a joint struggle for detente and for peace throughout the world." He thus acknowledges, on behalf of his country, that Morocco has been and remains a supporter of the peace. All of us are quite happy to see that Moscow is finally publicly acknowledging

that Morocco is not a factor of war as some would like us to believe, since the ambassador of the Soviet Union did not hesitate to adopt on behalf of his country the firm position held by Morocco according to which any conflict, particularly that of the Arab Maghreb, should be settled through peaceful means.

This finally, clearly and officially clarifies Moscow's position toward the artificial tension created in our area of the African northwest. It should encourage some countries which are displaying more gratuitous hatred than concern for the preservation of African unity and for the greatest interest of our continent, to display greater wisdom and less "ordered" prejudice whose "profitability" is only temporary.

It remains now for the Soviet Union to take specific and immediate measures by making sure that countries which it supplies with weapons, including the most sophisticated ones, that such instruments of death be used for their self-defense rather than for aggression against Morocco and for shedding unjustly the blood of its sons.

Finally, we also note with satisfaction and pride the homage rendered by the eminent representative of Moscow in Morocco to the effective action of the Al Qods Committee which recently met in Casablanca. His statements prove that the USSR is remaining faithful, through its attitude in terms of the struggle waged by the Arab people of Palestine, to its principle of support of the struggle of the peoples, whoever they may be, against imperialism, the occupation of their territory by force, and the enslavement of their populations.

As to the grave problem of Al Qods, we also note with happiness and pride that the USSR is officially taking into consideration the Islamic desire of its 14 million Muslim citizens whose appeal in favor of the liberation of Al Qods and of the occupied Arab territories was recalled by the Soviet diplomat, together with the appeal of hundreds of millions of their coreligionists throughout the world.

We also wish Moscow to take into consideration, on the question of Afghanistan, the viewpoint of all Muslims, whether Soviet or not, by rectifying the political error committed in this area, so that a number of people will no longer believe that through its armed intervention in this Muslim country the USSR stuck a knife in the back of Islam struggling for its survival in Asia, Africa and the Middle East.

We would have been very happy to see Moscow help, in a spirit of reciprocal respect for independence and for the freedom of the peoples, the Afghan people to leave behind the country's underdeveloped nature, thus gaining for itself, possibly in the only possible way, the grateful friendship of this great Islamic people, instead of imposing upon the Afghans through

there an unpopular system which is itself divided and whose members settle their accounts like Chicago gangsters.

Whatever the case, after such very important and official declarations made by Mr. Nersissov, we would like to hope that an ever closer development of ties will take place between our country and his, both of them carrying their historical missions, and the development of ever more active and effective cooperation between the USSR and the Arab-Islamic countries, thus together helping to achieve a more stable peace throughout the world and the happiness of their peoples.

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RISE IN BASIC PRICES CRITICIZED BY PRESS

Government Announcement

Rabat ' 'OPINION in French 6 Sep 80 p 1

[Text] (MAP) The Department of the Prime Minister has made public a communique on the new public prices of prime necessity goods. The text of the communique follows:

Consequent to the successive increases in world exchange rates and production costs of main staple goods, the subsidies provided by the public treasury to the Compensation Fund should be close to 180 billion centimes for 1980.

Therefore, price revisions of some commodities have become inevitable, the more so since the prices of some staples have remained unchanged for a number of years.

Therefore, as of 5 September, the new prices to the public for staples of prime necessity will be as follows:

I. Sugar:

- a 2 kilogram loaf	5.70 DH
- lumps, kilograms	2.85 DH
- granulated, kilograms	2.20 DH

II. Oil:

- Liter	4.00 DH
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III. Milk:

- Liter	2.10 DH
- Half-liter	1.05 DH

IV. Wheat

Kilogram

10.50 DH

V. Flour

National soft wheat flour, kg

1.00 DH

Regardless of this revision these commodities continue to benefit from heavy state subsidies, for the deficit of the Compensation Fund, which will be reduced by only 30 billion centimes, will total 150 billion this year.

Furthermore, all appropriate measures have been taken to insure the normal supplies reaching the market so that sufficient quantities of these products will be available to the citizens. Furthermore, all the necessary measures have been taken for the implementation of the High Decisions of His Majesty the King, may he glory in God, concerning the preservation of the purchase power of the deprived strata.

Furthermore, a strict and rigorous control will be maintained throughout the kingdom over prices and quality. Severe penalties shall be imposed on anyone illegally raising prices or engaging in speculative operations.

'L'OPINION' Comment

Rabat L'OPINION in French 6 Sep 80 p 1

Editorial by Mohamed Idrissi Kaitouni]

Text) As of yesterday the prices of prime necessity goods (sugar, milk, flour, oil and butter) were substantially raised. This will not fail to trigger major repercussions on the purchase power of the working masses and on their general living standard.

These official increases, added to the illicit increases caused by the fact that some such products are being sold on the black market, can only increase the burden of the disinherited strata.

There have been plenty of justifications to explain the need for such increases (higher international exchange rates, and inability of the Compensation Fund to continue to play its price support role). Nevertheless, in fact such measures are detrimental to the overwhelming majority of people's masses, the rural masses in particular, whose food consists essentially of bread and sugar.

The well-to-do strata will not be concerned in the least by such increases, since their income is very high, thus insuring them a living standard totally different from that of the poor strata with their limited resources.

Therefore, it is in terms of social justice that the question should be raised, and it is through the lens of an equitable distribution of revenue that we should analyze these measures and their repercussions.

It is obvious that, taking into consideration the interdependence of international economic relations and the conditions in which world trade is conducted (most frequently to the disadvantage of Third World countries), Morocco as well is suffering from the price fluctuations recorded on the world market. Actually, this is the reason for which the Compensation Fund was set up, for the initial purpose was that of protecting the consumer from the effects of such fluctuations in world rates and led the state to take care of them by supporting the price of basic consumer goods. Yet, faced with increased public expenditures and, above all, bearing in mind the imperatives of the defense of our national integrity, the state is finding it ever more difficult to subsidize the Compensation Fund and maintain its role as price stabilizer. That is why some "technocrats" have been tirelessly suggesting the pure and simple elimination of this fund and a price-setting system based on international rates. Even though this unfair and unpopular suggestion was not adopted, the authorities seemed to have chosen a partial and apparently temporary solution, that of easing the burden of the Compensation Fund (by 30 billion centimes) and, respectively, raising the prices of basic staples.

In our view, this is an imperfect solution, for it is not paralleled by an increase in the income of the strata which will be the most affected by such increases, the more so since the wages of workers and employees have not been raised and that the number of people "without a fixed income" is steadily growing day after day.

It goes without saying that these raises will have a definite inflationary effect, for they will inevitably lead to raises in the prices of all goods based on sugar, oil, butter, milk or flour.

That is why it would have been more equitable to consider other solutions in order to maintain the price of basic staples on the same level and for the Compensation Fund to be supported by the rich classes which most frequently spend a substantial portion of their income uselessly and purchase totally unnecessary luxury goods.

It would also be important to review the agricultural policy of our country through radical agrarian reform and seriously to consider the problems of management affecting Moroccan sugar refineries which are still not able to reach self-sufficiency and meet domestic demands for sugar and sugar products.

Therefore, it is a choice to be made in accordance with the interests of the suffering masses with limited income, within the framework of a new policy for the redistribution of the national wealth.

'MAROC SOIR' Article

Publance MAROC SOIR in French 2 Sep 80 p 1

Article by A. A.

Text: We pointed out that an unjustified, unfair, and scandalous rise in prices had taken place following the announcement that the prices of certain commodities subsidized by the Compensation Fund were to be raised immediately. This outburst is a real economic subversion.

5. Sabotage.

In fact, whenever social measures are taken, parasites and speculators who have no morality other than that of money try to do everything possible to deprive such measures of their substance.

A second category of saboteurs may be added to these promoters of high costs, inflation and imbalance. The king had hardly announced the measures relative to rents that landlords immediately raised the rents of certain apartments by 50 to 100 percent. Therefore, a 600 dirhams rent was raised to 900. Should the owner be required to reduce it by 30 percent, he would charge 600 dirhams and if the new tenant earns more than 100 dirhams monthly, this will be an additional profit for the dishonest landlord.

Such practices deprive the royal decision of all meaning. We already see landlords exerting pressure on their tenants with a view to raising apartment rents.

Such actions are simply criminal. Once again we note that it is always the same people who use and abuse the situation. We could consider them as a real fifth column acting in favor of our enemies.

The only answer to such sabotage, treason, or crimes would be penalties and repression. At a time when the country is asked to insure maximum mobilization and sacrifices, those who engage in such scandalous practices should be treated as criminals.

1/1
Date: 1980

PRESS GRANTED CONCESSIONS AFTER TALKS WITH OFFICIALS

Casablanca AL-BAYANE in French 9 Sep 80 p 1

Text The Moroccan National Press Union (SNPM) has made public the following communique:

As a result of the 15 August 1980 meeting between the prime minister and Maati Bouabid, minister of justice, on the one hand, and a delegation of the SNPM, three meetings were held at the level of the services dependent on the prime minister's council to consider the union claims regarding the national press organs and some concerned ministries and services.

The union has the pleasure to inform its members and the entire professional family that it has received an official document issued by the services of the Council of Ministers, which reads as follows:

Instructions have been issued granting journalists a 50 percent price reduction in the use of the facilities of the CTM and the ONCF [National Railroad Office] and the internal lines of the RAM.

Newspapers will be carried free of charge by the CTM and will be charged 0.10 DH per ton-kilometer by train.

Newspapers will be carried free of charge by airplane to the Saharan provinces and to Agadir.

A meeting will be held in the near future to study the question of air transport to foreign countries.

Instructions have been issued to the hotels partially owned by the state to give price reductions to journalists. Contacts will be established with hotels managed by private companies aimed at achieving similar measures. A list of such hotels will be submitted to the SNPM.

Such advantages will be granted to the carriers of the new press card which will be issued only to professional journalists. The executive bureau of the SNPM is pleased by the adoption of such measures which are

... of the closest cooperation between the concerned services and ... which is an organization which protects the material and moral interests of the profession.

The bureau informs all its members that it will publish a pamphlet containing further specifications the moment the other aspects of such measures will have been cleared with the concerned services. These are positive and assured measures which can only help the work of the Moroccan ...

TUNISIA

PRESIDENT OF EUROPEAN PARLIAMENT DISCUSSES COOPERATION WITH TUNISIA

Tunis LA PRESSE DE TUNISIE in French 5 Sep 80 p 7

[Interview with European Parliament President Simone Veil, by TUNISIA PRESS AGENCY, date and place not given]

[Text] Mrs Simone Veil, President of the European Parliament, will pay an official visit to Tunisia on 5, 6 and 7 September, on the invitation of National Assembly President Sadok Mokkadem.

In an interview granted to the TAP [TUNISIA PRESS AGENCY] on the eve of this visit, the President of the European Parliament discusses the prospects of cooperation between the European and Tunisian Assemblies, the Tunisian-EEC relations and Europe's position with regard to the North-South dialog and the Near East conflict.

[Question] On the eve of the visit which you will be paying on 5, 6 and 7 September, on the invitation of your Tunisian counterpart, Dr Sadok Mokkadem, what are, in your opinion, the prospects of cooperation open to the two Assemblies?

[Answer] I believe that the prospects of cooperation between the two Assemblies are very favorable and very open. In any case, this cooperation between the two Assemblies has been expressly planned in the agreement for cooperation signed between Tunisia and the Community on 15 April 1976. Up to now, contacts have taken place at the level of the secretaries-general of the two institutions, but for different reasons, in particular the election of the European Parliament by universal suffrage, there has not been so far any contact at the parliamentary level. My meeting with the president of the Tunisian National Assembly is therefore, in my opinion, very important, for it marks the beginning of this cooperation between the delegations of our two elected assemblies. At any rate, the European Parliament delegation, which will be assigned to the establishment of these contacts, has already been appointed, including its chairman. Like all our delegations, it is representative of all the political groups of our assembly.

The talks which I will be having in Tunis will thus permit the concrete establishment of the permanent link needed for a proper cooperation between the two institutions.

Respect Signed Agreements

[Question] For obvious reasons, Tunisia is apprehensive, and justifiably so, of the expansion of the EEC to include Greece, Portugal and Spain. What are, in your opinion, the actions which should be taken at the level of the European Parliament, to guarantee the protection of the interests of Tunisia, the traditional partner of the EEC?

[Answer] I understand that Tunisia may be, a priori, worried about the expansion: it is certain that on the economic and commercial level, Tunisia is in competition with the aforementioned countries. But it is true that the Community, through the voice of its various organs, and in particular the Parliament, has always expressed its desire to act in such a manner, that the countries with which agreements of cooperation have been signed, which is the case for Tunisia, should not be penalized by the expansion. When it signed that agreement with Tunisia in 1976, the Community was fully aware that the expansion was contemplated. It is therefore with full knowledge of the facts that it engaged itself to certain commitments with Tunisia. It is so much aware of this that, while it is negotiating with the three Mediterranean countries, possible future members, it is proceeding to an overall study of the consequences which this expansion would mean, in particular with regard to the engagements to which it is committed with the other Mediterranean countries.

As regards Tunisia, several visits to Tunis of ministers of foreign affairs and members of the Commission in the past few months have made it possible to study, point by point and in a detailed manner, all the problems which could arise, so that the necessary measures may be taken to respect the agreements signed with Tunisia.

It is by the way, one of the missions of the European Parliament delegation, to ensure that the past agreements signed with Tunisia, and which are the basis not only of good commercial relations, but also of the overall policy which we wish to maintain for Tunisia, to which we are linked by deep bonds of friendship and solidarity, be respected.

The Parliamentary delegation will study these questions and it will make known its opinion to the Commission and the Council, on the measures which may be taken. The very fact that it will remain in permanent liaison with the delegation of the Tunisian National Assembly will very naturally lead it to remain particularly vigilant.

[Question] An increasingly wide gap is arising between rich and poor nations. But the different dialogs taking place between the two sides, whose destinies are nevertheless linked, are making little progress.

Does not the role of the European Parliament consist, as certain parliamentary members have rightly suggested, in assuring the peaceful co-existence of rich and poor countries, by acting in such a way, that the standards of living of both should become closer to each other, rather than drawing further apart?

[Answer] First of all, I would like to say that among the developing countries, Tunisia is, after all, one of those which have "emerged", thanks to the commercial and social effort which has been accomplished. The increase in the gross national product has been very considerable in the past few years. We must give credit to Tunisia for its efforts.

At the general level, the North-South relations have been one of the main preoccupations of the European Parliament. In a first phase, our assembly's attention was directed particularly towards the preparation and implementation of the Lome agreements. Within this framework, the existence of a consultative ACP [African, Caribbean and Pacific Countries]-EEC assembly has allowed European Parliament members to display creative imagination in the area of cooperation with the countries which were signatories of the Lome agreement.

Furthermore, the European Parliament is well aware of the fact that, whatever has been achieved within the Lome framework, represents a model which should now serve as an inspiration for the dialog between North and South, the more so as, because of their equal representation basis, the EEC-ACP consultations are proceeding in a spirit of mutual respect and equality, taking into consideration the aspirations and interests of each of the partners.

Aid to Poor Countries

But the European Parliament has also shown that it meant to contemplate as a whole the problem of the relations between rich and poor countries: during the first months after its election, last year, it had already devoted a first debate to the problem of hunger in the world. This was but a prelude to a much more important debate arranged for the session which is to be held in two weeks' time, and which will discuss, even beyond the problem of hunger in the world, the various aspects of relations between the industrialized and the developing countries.

The European Parliament members intend, naturally, to display their solidarity on a humanitarian level, but their full awareness of this problem leads them also to emphasizing the need for considering globally the economic and financial difficulties of the poorest countries.

Europe is called upon to be closely interested in these problems, not only because of its specific weight with respect to the developing countries, but also because its own survival depends on it. If one considers all the figures, all the data of international politics, the economic and

demographic graphs, the raw materials market, etc., it is absolutely necessary for us to help the countries concerned to find solutions to these problems.

It is therefore my hope that the debate which we will shortly be conducting will lead to very concrete resolutions.

I would also like to put forward the fact that, for the first time, a delegation of the European Parliament attended the last special UN session devoted to the dialog between North and South. This delegation indicated clearly that it would invite the governments of the member countries of the Community to commit themselves, within the framework of the strategy of the third decade of development, to devote 0.7 percent of their GNP to help the developing countries.

I am struck by the observation of the extent to which the members of the European Parliament feel directly concerned, when it is a question of showing their solidarity with the poor countries, and that this concern is felt more deeply than at the national level.

I hope that the stands taken by our assembly will lead to results which will be translated into facts, as was the case of the Lome agreements.

[Question] Do you not think that, in view of its political unity which appears to be increasingly consolidated, Europe ought to play an intermediary role in the Middle East conflict, giving its contribution to a just and lasting peace in this part of the world, especially by recognizing the just and inalienable rights of the Palestinian nation?

[Answer] I remind you that Europe, through the voice of the European Council expressed in Venice its wish to play a role in the peace processes through better information leading to a better dialog. The mission entrusted to the acting chairman of the Council, Mr Gaston Thorn, who is a prominent personality, was conceived within this framework. I believe that before arriving at proposals, we must be acquainted with the position of each of the partners. I hope that Mr Thorn may be able, in the light of this mission, to put forward suggestions, representing a positive step forward and permitting progress on the way to peace.

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CSO: 4400

TUNISIAN CENTRAL BANK REPORT ISSUED

High Growth Rate Preserved

Tunis LA PRESSE DE TUNISIE in French 15-16 Sep 80 p 2

Text: The annual report of the Central Bank was presented to the president of the republic yesterday by the bank governor. Among other things, the report contains chapters on the domestic economic situation and the international situation.

In its introduction, the report takes up the situation on the domestic market and describes the behavior of the Tunisian economy in the face of the economic crisis raging in the world and the difficult circumstances that marked last year (1979).

Despite a certain deceleration compared with the previous year, economic growth continued at the satisfactory rate of 6.9 percent in real terms, or a rate higher than that predicted in the Fifth Development Plan and in spite of the particularly troubled international situation.

It was thanks to the vigor of the manufacturing industries and the accelerated progress of the added value in the mining and energy sectors, along with a good performance by the tertiary sector, that this economic growth could be maintained at such a rapid rate.

Industrial Sector: Rapid Growth

Continued rapid growth in the manufacturing industries occurred thanks to rapid growth in the building materials branch, on the one hand, and to an acceleration of the rate of progress of the mechanical and electrical industries, on the other hand. Likewise, the resumption of activity in the textile and shoe sector contributed to this new vigor of the manufacturing industries. The mining and energy sector owes its performance to the strengthening of the production of phosphates, oil and electricity.

Tourism, which benefited from a very favorable climate, saw its added value rise 16.2 percent in real terms, compared with 7.5 percent one year previously, thereby confirming the recovery that began in 1978.

Domestic Demand: Main Stimulus

The effect of the deceleration of added value in the agricultural sector and fishing (due to persistent unfavorable climatic conditions) was compensated for by the rapid growth of production in nonagricultural sectors.

Domestic demand was the main stimulus of economic growth in 1979. Actually, domestic demand rose 6.5 percent in real terms. Although lower than the rate registered in 1978 (year of recovery), it still clearly surpasses the figure predicted for the Fifth Plan (5.3 percent). This evolution is due to the continued increase in final consumption as well as to improved investment planning. This final consumption increased less rapidly than the GNP, whence the consolidation of national saving, which went from 496 million dinars in 1978 to 627 million in 1979.

This in turn affected the financing of investments, whose evolution was favorable for the second consecutive year. This increase in national savings made it possible to cover 74.6 percent of all investments by national resources, compared with a figure of 66.6 percent in 1978. Likewise, the completion rate for programmed projects went from 90.3 percent in 1978 to 98.5 percent in 1979. The result was a clear improvement in the level of formation of permanent capital, which went from 6.7 percent in real terms in 1978 to 10.1 percent in 1979. In value and at current prices, the amount of permanent capital built up was 856 million dinars, an increase of 18.1 percent over 1978.

Concerning the slower rate of investment growth, even the decline in some branches such as tourism, it is due to the concern of officials for making existing equipment profitable in order to prevent a disproportionate increase in investments from engendering an underutilization of productive capacities and a lamentable waste of resources.

The increase in investments had an effect on the number of jobs created. In 1979, 44,000 new jobs were created, 10 percent more than the previous year.

At the social level, the interoccupational guaranteed minimum wage and the agricultural guaranteed minimum wage doubled and the rate of the CPE (expansion unknown) was revised to aid lower-income groups. The Central Bank report adds that these measures made it possible to neutralize the effects of the higher cost of living.

Tunisia's foreign trade evolved favorably, continuing to be concentrated on a limited number of partners and having only a small diversification of products sold. Export receipts, which rose 53 percent, made it possible to increase the rate of cover of imports by some 10 points. Purchases abroad increased only 28 percent, meaning that the deficit in the trade balance did not rise for the first time since 1974.

Consolidation of Balance of Payments

The deficit in the trade balance was more than compensated for by the traditional surplus in the balance of services and transfers and by the net capital receipts. The balance of payments surplus was therefore consolidated, totaling 51 million dinars. International reserves increased as a result, reaching some 200 million dinars.

Conclusion of Report: Normal Economic Trend

Despite the repeated and increasingly serious crises affecting the world economy, Tunisia has been able to preserve its high rate of growth and main finances, the report concludes, since most of the country's economic indicators evolved favorably or at least in keeping with objectives set.

The report then reviews two decades of development and the results registered on both the economic and social levels, analyzing Tunisian finance and investment policies and looking at results achieved in the area of savings, policies which made it possible to consolidate and structure the financial system over these two decades and diversify activities.

The report concludes that in its current phase, Tunisia must face new problems that are both complex and delicate, especially since certain aspects of its economic and social development have not yet been totally mastered.

Reducing Gap

The report adds that it is becoming essential to reduce the gap between the extremes of household spending. Priority must be given to the social group made up of the poorest people, whose legitimate right to a decent life requires that they be guaranteed minimum food, health, housing and education. At the same time, consumer abuses must be contained. Employment must continue to receive particular attention. The adjustment of the number of jobs to a constantly increasing demand naturally receives sustained effort, but the task remains of adapting jobs to the requirements of enterprises if one wants to bring about a better balance of the employment market through the establishment of a sufficiently integrated education system above and below.

In order to attenuate regional imbalances, economic and social action must cover the entire territory of the country, remedying contrasts and disparities between the regions, helping every area to make its contribution to the national development effort. This cannot be done, the report adds, without a total and effective decentralization of the administrative machinery and production apparatus, action the government has already undertaken with firmness and determination.

Finally, turning to the situation in the agricultural sector, the report specifies that its contribution still remains insufficient. The stimulation and consolidation of activity in the sector remain dependent on sufficient

reclamation for agricultural production and for working the land, as well as on effective advancement of the rural world.

Solving these problems requires an identification at all levels of the real obstacles that continue to hinder the development process.

Revision of Price System Needed

Tunis LA PRESSE DE TUNISIE in French 17 Sep 80 p 2

[Text] The annual report of the Central Bank of Tunisia (BCT) presented to the chief of state by the bank governor a few days ago makes a complete diagnosis of the economic situation in Tunisia.

The chapters making up the report concern all domestic economic factors and their relation to the international situation.

We are presenting excerpts from the chapter on prices, the policy and legislation followed in this field.

The rise in prices has continued everywhere in the world over the past 10 years. But in Tunisia, thanks to the vigilance of the government, price increases for basic commodities have been contained within tolerable limits. Nevertheless, inasmuch as the social objective was given priority in certain cases, government intervention engendered a relatively high economic cost, as illustrated by the increased burdens of the General Compensation Fund and the persistence of certain distortions in production and the consumption of some products, especially agricultural products.

Evolution of Prices

As a result of the price increase affecting a number of taxed products since May 1979, the overall consumer price index has shown a slight upward trend, as has the wholesale index.

Evolution of Wholesale Prices

Although in the case of most products, wholesale prices experienced a certain relaxation in the course of the fourth quarter in 1979, the evolution of the overall index -- using an average of the 12 months -- shows for the entire year an increase of 7.3 percent compared with 3.1 in 1978. The trend shows up even more clearly if one considers the evolution of the index at the end of the year. From December 1978 to December 1979, it went up 10.2 percent compared with only 2 percent the preceding year. This escalation is also attributable to the increased prices of local products and the higher import prices.

The acceleration in the increase affected the prices of the different products, particularly food products, in varying degrees.

bearing the mark of the clear increase in meat and sugar prices, the food product price index registered the greatest progression, some 12 percent.

on the whole, prices of industrial products went up 11 percent. The increase is attributable to the increase in import prices much more than to the increased price for products made locally.

As for the price of energy products, the rate of increase was relatively moderate, about 5 percent, despite the effect of the price of oil products, which, however, make up only 30 percent of the weighting in the energy column.

The same is true of nonfood raw material prices, whose index showed a rise of about 4 percent.

Evolution of Consumer Prices

Reaching 177.2 points in 1979, the monthly average for the 12 months, the specific family consumer price index was up 7.7 percent compared with the previous year.

But from December 1978 to December 1979, the increase in prices came at the higher rate of 9.6 percent compared with 5.7 percent 1 year previously. Just as for wholesale prices, the increase is essentially attributable to the increased prices of food products.

The higher food prices began to be felt in May, with the increase in taxed prices on grain products, meat and edible oils.¹ Since that time, the upward trend has been maintained by the higher cost of fishing products and especially of beef, whose price has been totally deregulated. From December 1978 to December 1979, the food product price index went up over 13 percent.

With the effect of the higher prices for certain cleaning products and especially the cost of hygiene, the price index for the "cleaning, hygiene and healthcare" column went up 7 percent. The housing cost index practically evolved at the same rate because of the higher cost of housing equipment and the increased cost of maintaining homes.

Clothing costs increased at a relatively moderate rate. The increase of 6.5 percent reflects the higher price of shoes and secondhand goods.

Public transportation rates remained practically stable and the 2.6-percent increase in the transportation price index can be attributed to a certain increase in the cost of private transportation, essentially because of higher gas prices.

Finally, the price index for other expenditures relating to the home rose 5.8 percent, mainly because in the higher cost of articles for school.

Need To Check Compensation Charges

As long as the compensation system remains tied to a policy of freezing taxed prices, the financial burdens resulting therefrom can only increase disproportionately, putting a strain on public finances. Moreover, such a system hinders the smooth operation of the market by distorting the rules of supply and demand.

Amounting to 60 million dinars in 1979, two-thirds of the receipts of the General Compensation Fund come from taxes on fuel and the special compensation tax instituted in 1979, which continues to drain off increasingly substantial sums. For the second consecutive year, the marketing of sugar has made it possible to realize a surplus amounting to 3 million dinars.

At the current level, the annual receipts of the Fund are insufficient to cover all the compensation charges pledged during the corresponding fiscal year while at the same time paying arrears that accumulated in previous years.

Estimated to total 79 million dinars at the beginning of the year, compensation charges finally came to 73 million, a level which is still high because it corresponds to nearly one-fifth of all government spending pledged for that same year to the equipment budget.

The increased sum of compensation charges is mainly due to the increase, particularly at the end of the year, of import prices. Affecting practically subsidized products, this increase neutralized the effect of adjustment measures taken in May 1979.

As before, grain products made up most of the compensation spending because by themselves, they required a sum of over 40 million dinars. This amount was spread out as follows: 10 million for livestock feed and 30 million for human consumption, including 16 million for soft wheat and 14 million for hard wheat.

Just as in the case of grain, the increase in consumer prices did not make it possible to reduce compensation charges for oil, which totaled some 11.5 million dinars.

The savings anticipated from the partial adjustment in consumer prices for grain by-products decided on in January 1980 will partly cover additional compensation expenses resulting from the March 1980 increase in grain prices to producers.

Whatever the case, for all subsidized products, consumer prices remain clearly under cost prices. Furthermore, the latest predictions made for 1980 indicate a compensation deficit on the order of 7 million dinars which, if not made up for by a budgetary allocation,² will be added to the Fund's unpaid debts whose total at the end of 1979 had reached 115 million dinars.

The compensation system would gain by being redefined so as to enable it to achieve the assigned objectives without exaggerated costs. If it can be maintained in principle, compensation must be limited -- as far as the purpose is concerned -- to absorbing the major erratic or situational fluctuations in import prices in order to play the role of a price stabilization mechanism rather than that of a permanent subsidy.

Nevertheless, the compensation system cannot be advantageously applied as long as the incoherencies connected with price formation mechanisms are not eliminated. On another level, the imperfections afflicting the operation of the price system reduce the effectiveness of economic policy measures that can be taken by government, particularly in the areas of taxation, the distribution of income and the setting of interest rates.

Price Formation System; Need for Improvement

Drawn up 10 years ago, legislation applied regarding prices has practically not evolved in order to take the sometimes rather far-reaching changes in the behavior of economic factors and the structure of the Tunisian economy and the international environment into account. Although certain modifications have been made, they have been limited in scope.

It is true that the tax system has made it possible to achieve relatively stable prices for the products concerned, but the persistence of that stability seems to hinder the normal progression of production and what is even more serious, to encourage consumption to the point of waste. Furthermore, it constitutes a source of profit for middlemen who, taking advantage of the sometimes very large difference between taxed prices and those that might be accepted by part of the consumers, do not hesitate to charge excessive prices.

In the current context, the system of approval cannot be effectively applied for the products concerned, especially since there are no manufacturing norms for most of them. The same is true for the self-approval system since the establishment of standard rates by the administration is often thwarted by the excessive increase in charges.

The pressure of expanding demand in the face of a relatively inflexible supply engenders high prices that are often sources of excessive profits for which the consumer and sometimes the producer must pay the cost.

As applied at present, the regulation of prices does not seem to incite producers and middlemen to compress their cost prices as much as possible. Since the goods and services market is not very competitive and since control is not always adequate or effective, it is not always easy for the government to check price increases and do away with excessive profits.

Price Disparities

While it is true that the selective price policy followed thus far has promoted activity in certain branches of industry, it does not seem to have played a major role in the development of agriculture. Inasmuch as farm products seem to have depreciated somewhat, mainly due to the stagnation in prices, agriculture scarcely presents the criteria of profitability likely to attract investment promoters, particularly those sufficiently dynamic to bring about a modernization of operating procedures.

Products from the agricultural sector, at least the most important ones, continue to be sold at truly low prices, while in the case of other products, especially from industry, prices are continually rising because of the increasing cost of raw materials and imported equipment.

Only a revision of the price system will make it possible to eliminate the disparity between sectors, rehabilitate agriculture and restore the scale of values between goods and services exchanged to make it more in keeping with the true situation. Only within such a context will it be possible to use prices as an instrument of economic development and promote the realization of a better allocation of resources.

FOOTNOTES

1. See annual report of the Central Bank of Tunisia for 1978.
2. It has been proposed to grant that allocation by taking funds from oil income.

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CSO: 4400

REORGANIZATION OF HOUSING INDUSTRY REPORTED

LA PRESSE DE TUNISIE in French 2 Sep 80 p 6

[Text] Mohamed Sayah, minister of public works and housing, and Moncef Ben Hadj Amor, minister attached to the prime ministry in charge of civil service and administrative reform, chaired yesterday morning a working meeting attended by senior officials from both departments and held at the Ministry of Public Works and Housing.

The participants studied the following items:

- a) Preparation of draft regulations to organize the regional administration of public works and housing based on the new duties assigned to that department.
- b) Reorganization of the Ministry of Public Works and Housing central administration for the purpose of bringing it into line with the increased powers of the ministry's regional administration in accordance with the decisions adopted during a working session held on 20 August 1980 which particularly dealt with the prerogatives granted to the regional administration.

The new reorganization of the Ministry of Public Works and Housing is dictated by the nature of the duties which this ministry is called upon to fulfil within the framework of the central administration, particularly, in the spheres of creativity, coordination and control.

In view of the fact that as regards the plans of development, the Ministry of Public Works and Housing is in charge of carrying out the national projects of basic infrastructure, the new reorganization of the ministry's central departments will be such as to enable the technical cadres to carry out their work directly on the field.

- c) Need to guarantee that there is an effective coordination between the various partners involved in working out programs and carrying out housing projects such as national companies, banks, savings institutions and the technical administration, to make sure that the planning and execution of urban projects meet all the efficiency requirements.
- d) Reform and simplification of formalities applicable to urban development projects.

ESTABLISHMENT OF REGIONAL ELEMENTARY EDUCATIONAL LEVEL OFFICES

Tunis LA PRESSE DE TUNISIE in French 2 Sep 80 p 6

[Text] Yesterday morning, the minister of national education, Mohamed Fredj Chedli, presided over the opening session of a seminar held at the Teachers' National College at Place du Leader, in Tunis, to discuss the teaching of numerical operations and arithmetic in Arabic language in the elementary schools.

The 2-day seminar, attended by elementary school teachers, education experts and regional inspectors, is part of a cycle of meetings periodically organized to review and update the methods of teaching mathematics and the exact sciences in elementary schools.

The minister emphasized the importance of this seminar devoted to a topic which has been a constant cause of concern for the department of national education, namely, the teaching of mathematics and the exact sciences in Arabic.

He noted that the Arabization of education is a challenge taken up by the government and assumed by the educators who are anxious to consolidate the Tunisian individuality, anxious to give education an authentically Arabic character and to prove that Arabic is as good a vehicle for the exact sciences as any other living language, or even a better one.

Mohamed Fredj Chedli announced that from now on greater efforts will be brought into the training and retraining of elementary school teachers of mathematics and to provide further training for those who supervise this category of teachers such as inspectors and educational advisers. He also announced that a program will be mapped out to organize in every region of the country 1-year courses for inspectors and educational advisers working in the elementary school system.

The minister also announced that his ministry is seriously planning to alleviate the administrative burdens which consume much of the working time of inspectors and district heads of the elementary school system in order to allow them to devote more time to their mission as educators.

He also announced that elementary educational level regional offices will be created in the very near future.

Prof. Ghedli ended his address by urging teachers in general and inspectors in particular to increase their efforts to improve the standard of education and to stress the fact that the school opens up towards the environment which means that there must be a better adequacy between training and jobs.

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REMARKS BY SECRETARY GENERAL OF UGTT

Tunis LA PRESSE DE TUNISIE in French 31 Aug 80 p 4

[Text] On Friday evening, Tijani Abid, member of the Political Bureau and secretary general of the UGTT [Tunisian General Federation of Labor], chaired an open forum attended by trade union cadres from Ariana and from La Chargaia which was held at the People's House in Ariana.

In the speech which he delivered on this occasion, Tijani Abid said that the rumors about the future of the labor federation have no foundation whatsoever, particularly in view of the clarification given by the Supreme Combattant which does not allow for any ambiguity.

This clarification, he said, binds the labor union to reinforce social peace in the country.

On the subject of the forthcoming meeting of the labor federation, Abid noted that it will be marked by respect for the UGTT statute and internal regulations.

In addition to the precise details which you have already been given, Abid added, we must tell you that the commission which will be created as announced, will in no way replace the Executive Bureau. The commission's only role is to supervise the voting operations.

The UGTT secretary general also told civil service employees that, on Friday, the government had sent to the labor federation the draft of the new statutes for civil service employees and for employees of public enterprises of an administrative nature, a draft which had been previously examined by the preparatory commission.

The civil servants association, which is under the authority of the UGTT, will also study that draft so they can give an answer to the government as soon as possible.

As regards the revision of collective agreements, Tijani Abid noted that talks are scheduled to open next month between the UGTT and the government.

He also explained that the labor federation rejects any type of workers' exploitation and any attempt to snub or intimidate them particularly when directed against union representatives.

Finally, he emphasized the need for the workers' unions to uphold the qualities of honesty, courage and loyalty in their activities noting that the CGTT has always worked hand in hand with the party and will continue to support the Bourguiba regime.

At the end of this meeting, the participants sent a message of support to the president of the republic.

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TUNISIA

BRIEFS

INITIAL VISIT TO FRG--Minister of Interior Driss Guiga arrived in Bonn on Friday evening coming from Saudi Arabia where he headed the Tunisian delegation to the Third Conference of Arab Ministers of Interior held in Taief. On Saturday morning, Mr Guiga, who is on a 5-day private visit to the FRG, went to the Tunisian Embassy in Bonn where he was greeted by cadres from the embassy, the consulate and from Tunisian organizations with offices in the FRG. The minister of interior reassured his audience on the subject of President Bourguiba's health saying that the Supreme Commandant remains at the helm of the state and manages the country's affairs. Mr Guiga also presented a lengthy and detailed report on the current situation in Tunisia with special emphasis on measures and reforms undertaken by Mohamed Mzali and his government which are primarily intended to reorganize and simplify the administrative machinery and to turn it into "an effective instrument to serve the Tunisian citizens and not to enslave them." Mr Guiga also pointed out the government's efforts in the administrative and economic spheres aimed at guaranteeing a balanced and harmonious economic development in Tunisia. Hans Juergen Wischniewski, deputy chairman of the West German Social Democratic Party, gave a dinner on Sunday evening in honor of Driss Guiga who is currently on a private visit to the FRG. During the dinner, Guiga and Wischniewski reviewed the relations between Tunisia and the FRG as well as current international problems. [Text] [Tunis LA PRESSE DE TUNISIE in French 2 Sep 80 p 5]

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TRENDS OF NEW FIVE-YEAR PLAN CONSIDERED

Sharjah AL-KHALIJ (BANKS, INSURANCE, INVESTMENT SUPPLEMENT) in Arabic 22 Jul 80 p 3

[Article: "The Trends of the New Five Year Plan"]

[Text] Five-year plans are not new to the economy of the United Arab Emirates or to the economy of the member emirates. The first five-year development plan that Abu Dhabi has had was for the years 1968-1972. At that time the sum of 295.9 million Bahrain dinars, or what is equal to 3 billion Emirate dirhams, were allocated for that plan. This is a large sum of money if we were to take into consideration the difference in international rates between the year that plan was approved and current rates for 1980.

Federal five-year plans and annual development plans followed afterwards. There were many negative factors in these plans. The most notable of them was the fact that the volume of investments and the goals of those plans were not realistic. Nor were the state's young agencies capable of absorbing and implementing the investments that were designated for them.

The most recent official study in this regard states that approximately 82.8 percent of the investments of the recent five-year plan have been spent. That is 2,966,300,000 dirhams from the total investments that were estimated for the plan.

The investment program for 1979 was characterized by realism. The program took into consideration implementation capabilities that were available. Agencies in question invited state agencies to take part in determining their needs in detail. These agencies were given priority to complete the implementation of previous projects, in addition to a few new projects.

The study made it clear that the total volume of appropriations that has been determined for 1979 amounted to 1.134 billion dirhams and that the part of that sum [which was earmarked] for completing projects was 11.5 million dirhams. [These funds were allocated] to complete the implementation of the national economy's basic structure.

A New Five-Year Plan

In March 1979, the Supreme Council for the Union, relying on a memorandum submitted by the Ministry of Planning, decided to prepare the preliminary studies for a new five-year plan for economic and social development.

This plan has special significance because it is the first long-term development plan to be implemented in the state after completing the construction of the basic structure of the national economy, the state's public facilities and of the various administrative agencies of the state. More importantly, this plan comes in the wake of radical changes during which upturns in spending had come to an end and the economy and labor had begun to shape up and to stabilize in natural proportions that are consistent with the real needs of the country.

The state has reinforced this trend with a series of measures whose objective is to overcome the economic and social complexes that were formed during the previous period, such as bringing an end to the crisis of real estate liquidity [sic] and establishing a central bank and various specialized banks such as the real estate bank, the industrial bank and the agricultural bank. In addition, [this new trend was reinforced by] the new labor laws that would bring an end to surplus labor and especially non-specialized labor which is now exerting considerable pressure or rather posing a serious threat to the security and stability of the country.

Features of the Plan

The objectives of the principal features of the plan are [as follows]:

Achieving food security in stages. In the light of successive international statistics about the efficiency of the world's food production vis-à-vis the tremendous population explosion [in the world], every state must seek to achieve maximum self-sufficiency in this area.

Therefore, the plan will focus on land reclamation, irrigation projects, the development of the fish industry and the establishment of fish farms. Following the lead of Saudi Arabia, the plan will grant the farmers incentives to encourage them to produce and to encourage them to stay on the land and not to emigrate to the cities. The plan will also provide them with the necessary services and facilities.

In a statement made in the latter part of last June Mr 'Ali 'Abd-al-Salam the Undersecretary of the Ministry of Planning said that the Emirates may not achieve self-sufficiency during the course of this plan, but that it will increase agricultural production to the maximum possible level.

Establishing industry on two principal points of focus: these are, [first], the petrochemical industries to develop the production of industrial, organic oil derivatives and to achieve self-sufficiency in fuel and energy, such as oil refineries and gas liquefaction plants. The second point of focus is the conversion industry which relies to the maximum extent possible on local natural resources such as oil and construction materials products such as cement, asbestos, glass, table salt and light bulbs.

The decline in the number of non-skilled labor will take place in a natural manner as a result of the nature of specialized professional labor which is needed by the new industries. In addition, the new laws and measures [that have been enacted will reduce non-skilled labor] and will stabilize the quantity and quality of those who are coming into the labor market.

In addition, large numbers of the young people of the Emirates are to be qualified for administrative and professional activities so as to replace gradually those workers who would be coming [from abroad] immediately and in a relatively short period of time.

*Stimulating the establishment of the local money market. [This will come about] when the central bank appears on the scene and the appropriate legislative framework for money market activities is prepared. Foreign investment operations would thus take place as much as possible through the local market. There is an energetic movement in that direction in official agencies and in the private sector.

Figures for the new five-year plan have not yet been announced. But the various advisory, planning and executive agencies are continuing their work to bring this plan into existence at a suitable time.

Specialized committees have begun adopting some projects whose economic feasibility has been studied with regard to their suitability to the general strategy of the plan.

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UNITED ARAB EMIRATES

PRIVATE SECTOR URGED TO ENTER DEVELOPMENT PROCESS

Sharjah AL-KHALIJ (BANKS, INSURANCE, INVESTMENT SUPPLEMENT) in Arabic 22
Jul 80 p 29

[Article by Dr Fa'iqah al-Rifa'i, Assistant to the Director General of the Currency Council for Research and Statistical Affairs: "Time Has Come for Private Sector To Play Its Role in Development; Completing Establishment and Standardizing Stock Exchanges of Abu Dhabi, Dubai and Sharjah Being Requested; A Standard Currency for Gulf to Stabilize Currency and Maintain Its Real Value; Supreme Authority for Gulf Investment to Develop Money Market"]

[Text] The economy of the United Arab Emirates is characterized by its dependence on a single source of income: oil production. The average daily production of oil in the three emirates that produce oil is approximately 1.74 million barrels per day. The likely average price of oil from the Emirates in July 1980 is about 33.47 dollars per barrel. Accordingly, it is expected that oil revenues (that is, proceeds from exports) will amount to approximately 75 billion dirhams.

Among the basic features of the country's economic structure is the difference that exists in the base of production from one emirate to another. The other emirates suffer from a shortage of natural resources. Besides oil, Abu Dhabi depends on the principal oil industries, the fertilizer and the cement industries, the liquid gas projects, etc.

Dubai also depends on the fact that it is an international trade center which ties the east to the west. It is also moving quickly to diversify the sources of its income by concentrating on industries for assembling goods, on the construction materials industries, the aluminum project, the liquid gas project, the oil refinery, the dry dock, etc.

Sharjah, however, focuses its efforts on projects that would make the emirate a vital point for international navigation, providing international trade services to the Gulf area. Sharjah is focusing its efforts on becoming a services center for the Gulf states and for the Middle East. The other emirates, however, depend to a large extent on fishing, on agriculture and on a few various industries.

High Income

The average per capita income in the Emirates is one of the highest in the world. At present it approaches 60,000 dirhams annually. Savings also amount to a sum that is equal to 45 percent of the median income. This rate is the highest rate of savings in the world. The Emirates has had a surplus in its balance of payments since 1973 despite the large amounts of money that are transferred abroad by incoming labor. Hence emerges a question: Is it possible to do away with economic development and to rely on creating an advanced currency and money market in the state that would yield material returns and monetary stability? The answer, of course, is negative. The currency and money market in the state cannot be developed unless such development takes place alongside economic development and the creation of productive projects.

The money market in the Emirates must be of no less importance than the efforts that are being made for development. Efforts made for the money market and for development must rather proceed on a parallel course, and that is the correct course. Some people wonder whether an advanced currency and money market can be established in the Emirates without competing with the market in Bahrain!

The Necessity of Coordination

And here we want to affirm the necessity of coordination between the two countries in this regard so that the two markets would complement each other rather than having one become an alternative to the other.

But what are the components of establishing an advanced money market?

It is here that one touches upon the subject of the Emirates' excellent location which ties the east and the west. The Emirates is also characterized by the existence of a direct communications system that allows it to be constantly in touch with the principal centers in the world. One of the components of creating an advanced money market is the pursuit of a free trade policy which is considered one of the significant features of the Emirates' economic policy. In addition, there is a large number of banks representing the various nationalities of the world. With the monetary surpluses they have available in the Emirates and in the neighboring countries, the banks can play a prominent role in recycling Arab monetary surpluses by creating in the Emirates an advanced regional currency and money market that can assume in the future a position of prominence in the world.

The Role of the Currency Council

There has been much talk about the role played by the Currency Council in creating the currency and money market in the country. We are referring

here to the measures adopted by the council to encourage banks to issue certificates of deposit in dirhams. Among the significant steps [that have been made] to develop the money market was the creation of a syndicate of investment companies in the country. Serious steps have also been taken towards industrialization to achieve a balanced development that is characterized by economic stability. At present the council is guiding the banks that have limited permits to focus their activities on developing the currency market in the country. According to Article 22 of the charter of the Currency Council, the council is empowered to undertake the following:

First, the council may purchase and sell the bonds that are issued or guaranteed by the government, sold to the public, paid for in dirhams and mature in no more than 20 years.

Second, the council may purchase treasury notes paid for in dirhams when they were sold to the public. The council may sell these notes; it may discount them; and it may re-discount them.

Third, the council may grant licensed banks loans for periods of time that are not to exceed 3 months. These loans are to be secured by the rates of the assets referred to in the two items above and by other securities.

To Develop the Money Market

In addition to the council's efforts in this regard, the following is called for to develop the stock market in the country:

1. Investment companies are to focus their efforts on strengthening the local market. This is in addition to the business they do abroad on which they are now focusing their efforts. Over 85 percent of the activities of investment companies are concentrated abroad. These companies have not yet affirmed their existence so as to encourage citizens to invest their funds in a productive manner inside the country instead of keeping those funds in the form of deposits in foreign banks abroad. These companies can thus mobilize savings and direct them towards development in the country, especially since the state's contribution to the capital of these companies is not less than 2 billion dirhams. These companies are also to undertake the business of firms that secure bond issues.

2. The federal government is to take steps to issue treasury notes and special government bonds to finance vital federal projects. Naturally, this will not come about unless the federal government in the long range sets up its revenues on specific kinds of direct and indirect taxes, and especially taxes on people with high incomes, or more correctly with fantastic incomes, as a source of financing the budget. This would take the place of depending totally on the contributions of those emirates that can make financial contributions. So far the private sector has not assumed its responsibilities in bearing at least a small share of [the responsibility] to finance development, which is still dependent on govern-

and generosity. Such contributions by the private sector would strengthen the structure of the federation and the capabilities of the federal government to contribute to economic development.

The Redistribution of Income

There is no doubt that direct or indirect tax contributions (fees to renew automobile permits; tolls paid by cars passing from one area to another on recently paved roads; television right of possession fees; etc.) do bring about a better redistribution of income. At the same time, they strengthen the government's financial position. A stronger financial position would enable the government to borrow from the local market so as to issue treasury notes, etc. [It would also enable the government] to make contributions to finance development, especially in the less wealthy emirates, and also to offer services more efficiently than they are being offered now.

3. A stock market is to be established. And here we refer to the efforts that seek to create a stock market in Sharjah. The introduction of stock transactions at the Dubai stock exchange for shares and limited goods, where business is still confined to principal goods, is to begin. And here too it may be beneficial to establish a stock market in Abu Dhabi, provided that the three stock exchanges be tied together so they can operate as one. The establishment of an organized stock exchange would create and circulate intermediate and long term funds. This would replace reliance on the short-term funds that are provided by banks. It is therefore necessary to create such stock exchanges so that they would play their positive role in encouraging the exchange of stocks that are issued in the country and in the other Gulf states and to expand this in the future so as to include the other Arab countries. The establishment of such stock exchanges would encourage the creation of new [bond] issues and would encourage savers and investors alike.

4. Kuwait's announcement that it would turn its stock market to a stock market for the Gulf is to be taken advantage of. Investment companies in the Emirates are to be allowed to deal in stocks that are issued by institutions established in the other Gulf states as well as stocks of Kuwaiti corporations. Investment companies in the Emirates will do so by participating in the Kuwait stock exchange, by tying their activities there with their activities in the local market and announcing those activities daily to the public.

5. Cooperation between the stock market in the country, the central banks, the currency institutions in the Gulf states as well as the investment institutions in those states is to be strengthened. There would be no objection to encouraging the issue of bonds that are appraised in dirhams in the markets of the Gulf, especially in the Kingdom of Saudi Arabia and Kuwait. Efforts must be made here to coordinate [activities] between the central banks and the currency authorities of the Gulf states to develop the currency market and the stock market in those states. The time has

come for closely intertwining the efforts that are being made to establish a supreme authority for Gulf investment into which part and not all of the monetary surplus that is directed for investment abroad would be channeled. With the resources that are available, this authority can thus guide the currency market, work for its stability and also develop the money market in the area. Not only will positive results be reflected on the area, but this will also stabilize the world currency market. The Gulf states represent more than 75 percent of the OPEC countries.

Strengthening Bank Relations

6. The banking system in the Emirates is characterized by free competition. Small banks do business alongside big banks. The Currency Council (or in the future the central bank) is thus obliged to make an effort, on the one hand, to strengthen relations between it and these banks and, on the other hand, to strengthen relations among these banks by encouraging the issue of joint securities (certificates of deposit or bank bonds) that are issued by more than one bank. Among the matters that are worthy of note here is the problem of insuring savings. There is no doubt that the fact of banks insuring their deposits, both the direct deposits or those that are made in return for issues, will encourage the availability of liquid funds [in amounts] suitable to banks. In turn, this would enable the banks as issuing and investment agencies to play their part by purchasing commercial securities and contributing to the effort to encourage the financial market.

7. The capabilities of the Abu Dhabi Investment Agency would enable it to play a prominent role in strengthening the financial market. According to its charter it can purchase the securities that are issued in dirhams by the federal government and also by the corporations of the public and the private sectors. This is a kind of investment that is no less stable nor does it yield less than its counterparts which are issued by foreign governments and corporations. The Abu Dhabi Investment Agency can also cooperate with the Supreme Authority for Gulf Investments whose establishment is being proposed in an effort to stabilize the currency market in the country and in the area in general. The establishment of this authority is being proposed in the context of setting up a clearly defined strategy and a framework for action on sound principles.

8. Among the agencies and organizations that would help develop and strengthen the money market in the country, we mention [the following]: representation offices--there are more than ten--that encourage joint investments and insurance companies whose number exceeds 70. Although these insurance companies have organized themselves into a society whose main office is in Dubai and although membership in that society is open to all the companies that do business in the country, the activities of those companies are still limited. It is here that we see the need for the Currency Council--or for the Central Bank in the future--to draw up a plan whose objective would be to stimulate the role of insurance companies

in developing the currency and the money market in the country. There are also the financial brokers on whose shoulders the burden of developing these markets falls. There is no doubt that cooperation in the Gulf on this matter is necessary.

The Emirates: an International Center

This makes it evident that the Emirates has the financial institutions, the support agencies and the financial capability that would enable it to become a prestigious international financial center, especially since the state is about to establish the Central Bank which will have the right to control and supervise [transactions] in a manner that would concern itself with developing the structure of the currency and the money market in the country.

Opportunities [in this regard] are equal for all citizens [of the Emirates] and for citizens of the other Arab countries. We mention in particular [the following]:

1. Currency conversions from and to the country are not subject to any bank control.
2. Most of the transactions that take place abroad are in U.S. dollars. The U.S. dollar is still (hard?) currency in the Gulf states.
3. The Emirates' dirham and the Gulf currencies are stable in the local market and abroad.
4. There are no restrictions on deposits and loans from banks. This, however, is tied to the borrower's stable and secured financial position.
5. All citizens of the Arab countries receive preferential treatment with regard to contributions and participations by non-citizens in the various projects and corporations in the country.
6. Non-citizens of the Emirates may purchase and sell shares in investment projects. [These transactions] are subject to the issuing organization's rules only.
7. There are no restrictions or conditions required by the state with regard to communications and transactions carried out with expert firms that abound in the country to provide information about investment opportunities and related data.

There is no doubt that the suggestion to establish a standard Gulf currency--and this has not seen the light of day yet--is a matter that deserves follow up and study since its positive effects would encourage the reassuring

flow of funds; stabilize currency in the area; and protect the real value of these countries' revenues. Likewise, the establishment of a banking information center in the Gulf is a vital matter. The Arab Currency Fund may play a role in this regard by creating a highly efficient center for information and specialized studies so that knowledge may be furthered and transactions in the currency and money markets in the Emirates may be enhanced.

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